HFCL LIMITED

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be issued through the Placement Document.

Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar ("**RoC**"). Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the RoC. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh consequent to the change of name of our Company. For further details, please see "*General Information*" on page 203.

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

Issue of up to [●] equity shares of face value ₹ 1 each of our Company ("**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "**Issue Price**"), aggregating up to ₹ [●] crores (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 26.

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

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

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

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 35 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE, EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER). PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on December 22, 2025 was ₹ 63.96 and ₹ 63.95 per Equity Share, respectively. In-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue, have been received from BSE and NSE each dated December 22, 2025. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

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

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (as defined hereinafter). For further details, see "*Issue Procedure*" on page 162. The distribution of this Preliminary Placement Document or the disclosure of its contents, without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where such offers and sales are made. See *"Selling Restrictions"* on page 177 for information about eligible offerees for the Issue and *"Purchaser Representations and Transfer Restrictions"* on page 185 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

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

This Preliminary Placement Document is dated December 22, 2025.

BOOK RUNNING LEAD MANAGER
MONARCH NETWORTH CAPITAL
MONARCH NETWORTH CAPITAL LIMITED

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NOTICE TO INVESTORS

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

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

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

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

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, unless so registered, and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. For further information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLM or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement

Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of Equity Shares may be restricted in certain countries or jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any country or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLM that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer, transfer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

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

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

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

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

The Company does not undertake to update the Placement Document to reflect subsequent events after the date of the Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with the Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

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

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

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the Bidders in this Issue. By bidding for and/or subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to the contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 177 and 185, respectively, and to have represented, warranted and acknowledged to and agreed to us and the BRLM as follows:

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

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

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

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

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

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, please see the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 177 and 185, respectively;

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

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

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

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

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

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

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

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

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

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible

QIBs, and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the BRLM;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document, as applicable. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

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

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

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 35;

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

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

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

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

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

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

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

- You agree that in terms of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom this Preliminary Placement Document will be circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC and SEBI within 30 days of circulation of this Preliminary Placement Document and other filings required under the Companies Act, 2013;

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

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

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

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

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

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

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

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares, to be issued pursuant to this Issue, will be obtained in time or at

all. Neither our Company nor the BRLM nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

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

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

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

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 177 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" and *"Purchaser Representations and Transfer Restrictions"* on pages 177 and 185, respectively;

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

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

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

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

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

- You agree to indemnify and hold our Company, the BRLM and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

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

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

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

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

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

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

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

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

OFFSHORE DERIVATIVE INSTRUMENTS

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

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

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

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

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

Please also see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

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

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

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

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain conventions

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

Currency and units of presentation

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

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

Figures in this Preliminary Placement Document have been presented in crores or in whole numbers where the numbers have been too small to present in crores unless stated otherwise. Further, certain figures in the "*Industry Overview*" section of this Preliminary Placement Document have been presented in millions and billions. Our Audited Consolidated Financial Statements for Fiscal 2025 and Unaudited Consolidated Financial Results as at and for the six month period ended September 30, 2025 are prepared in crores and have been presented in this Preliminary Placement Document in crores for presentation purposes.

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

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

Page numbers

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

Financial data and other information

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

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

should be read along with the respective reports issued thereon. For further information, see "*Financial Statements*" on page 206.

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

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

Non-GAAP financial measures

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

INDUSTRY AND MARKET DATA

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

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "*Growing Opportunities n Telecom and Defence Manufacturing in India"* ("**Feedback Advisory Report**"), which is a report commissioned and paid for by us and prepared by Feedback Advisory Services Private Limited. Feedback Advisory is not related in any manner to our Company, our Promoters, our Directors or Key Managerial Personnel or members of the Senior Management, our Subsidiaries or the Book Running Lead Manager.

Further, information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, neither the accuracy nor completeness of information contained in the Feedback Advisory Report is guaranteed. The opinions expressed are not recommendation to buy, sell or hold an instrument. This data is subject to change and cannot be verified with complete certainty due to limitations on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Book Running Lead Manager have independently verified this data and make any representation regarding the correctness, accuracy and completeness of such data. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Certain sections of this Preliminary Placement Document contain information from Feedback Advisory Report which has been commissioned and paid for by us and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*" on page 69.

Further, the calculation of certain statistical and/or financial information / ratios specified in "*Our Business*" and "*Risk Factors*" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the Feedback Advisory Report commissioned by our Company. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will pursue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition, results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts.

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

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

- Any adjustment, cancellation or suspension of contracts in our Order Book by customers;
- Cancellation and changes in scope of services in the award of large-scale turnkey project awards;
- Any loss, slowdown or shutdown of operations in any of our manufacturing operations;
- Inability to effectively compete;
- Any unanticipated delays in implementation of our capacity expansion plans and cost overruns;
- Any delays or cost overruns that may cause us to incur additional cost to fund the "Use of Proceeds";

Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in "*Risk Factors*", "*Our Business*", and *"Industry Overview"* on pages 35, 133 and 100, respectively.

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

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we, the BRLM nor any of its affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of

operations or cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

EXCHANGE RATES INFORMATION

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

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

I. US Dollar

(₹ per US$)

	Period end [(1)]	Average [(2)]	High[(3)]	Low [(4)]
Fiscal*				
2025	85.58	84.57	87.59	83.07
2024	83.37	82.79	83.40	81.65
2023	82.22	80.51	83.20	76.09
Month ended*				
November 30, 2025	89.46	88.83	89.46	88.46
October 31, 2025	88.72	88.42	88.79	87.71
September 30, 2025	88.79	88.32	88.79	87.75
August 31, 2025	87.85	87.52	87.85	86.97
July 31, 2025	87.55	86.11	87.55	85.39
June 30, 2025	85.54	85.90	86.81	85.44

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

Notes:

[(1)] The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

[(2)] Represents the average of the official rate for each working day of the relevant period;

[(3)] Maximum of the official rate for each working day of the relevant period; and

[(4)] Minimum of the official rate for each working day of the relevant period.

** In the event that the RBI/FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been considered. The RBI / FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

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

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

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Industry Overview*", "*Statement of Possible Tax Benefits*", "*Legal Proceedings*" and "*Financial Statements*" on pages 100, 191, 197 and 206, respectively, shall have the meaning given to such terms in such sections.

Conventional / General Terms

Term	Description
Our Company / the Company / the Issuer	HFCL Limited, a company incorporated in India under the Companies Act, 1956, having its registered office at 8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh, India
the Group / us / we / our	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries and our Associates

Issuer and industry related Terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company as amended from time to time
Associate(s)	Our associate companies namely, Nimpaa Telecommunications Private Limited and BigCat Wireless Private Limited
Audit Committee	The audit committee of our Board of Directors
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements of our Company, its Subsidiaries and Associates as of and for the years ended March 31, 2025, 2024 and 2023 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the consolidated balance sheet, consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity , including summary of significant accounting policies and other explanatory information to the respective consolidated financial statements.
Auditors or Statutory Auditors	The current statutory auditors of our Company, namely, S Bhandari & Co LLP, Chartered Accountants and Oswal Sunil & Company, Chartered Accountants
BharatNet Phase 2	A Government of India programme to connect the gram panchayats through multiple implementing models vide an optimal mix of media (OFC, radio and satellite) along with last mile connectivity in gram panchayats through wi-fi or any other suitable broadband technology.
BharatNet Phase 3	A Government of India initiative to provide high speed, subsidized broadband to rural households, upgrading the existing network, enabling e-governance, education and economic growth through digital inclusion
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require
Chartered Engineer	PM Pai & Associates for Goa and Chand Kumar Bhatia for Hyderabad, Chennai & Hosur
Chief Financial Officer	The chief financial officer of our Company, being Vijay Raj Jain
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Manoj Baid
Corporate Office	8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110 048, India

Term	Description
Corporate Social Responsibility Committee	The corporate social responsibility committee constituted by our Board of Directors
Director(s)	Director(s) on the Board of our Company, unless otherwise specified
Equity Shares	The equity shares of our Company of face value ₹ 1 each
Feedback Advisory Report	Report titled "*An Industry Report on OFC and Telecom equipment, Railway Communication services & Defence Electronics*" dated November, 2025 issued by Feedback Advisory
HFCL Plan 2017	Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan – 2017
Independent Director(s)	The non-executive and independent Directors of our Company appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "*Board of Directors and Senior Management*" on page 144
Key Managerial Personnel	Key managerial personnel of our Company in terms of Section 2(51) of the Companies Act, as disclosed in "*Board of Directors and Senior Management*" on page 144
Memorandum/ Memorandum of Association / MoA	The memorandum of association of our Company, as amended from time to time
Managing Director	The managing director of our Company, being Mahendra Nahata
Nomination, Remuneration and Compensation Committee	The nomination, remuneration and compensation committee constituted by our Board of Directors
Non-Executive Non-Independent Director	Non-executive non-independent directors of our Company. For details, see "*Board of Directors and Senior Management*" on page 144
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations
Promoters	The promoters of our Company, namely, Mahendra Nahata, Anant Nahata, MN Ventures Private Limited, NextWave Communications Private Limited, Fitcore Tech-Solutions Private Limited, Vinsan Brothers Private Limited* and Shankar Sales Promotion Private Limited*. **Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited were Promoters of the Company as on September 30, 2025. Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited have merged with a member of our Promoter Group entity, Satellite Finance Pvt Ltd pursuant to the scheme of amalgamation dated July 8, 2024, effective from November 25, 2025.*
Registered Office	8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India
Risk Management Committee	The risk management committee constituted by our Board of Directors
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time
Subsidiaries	The subsidiaries of our Company, namely: (i) DragonWave HFCL India Private Limited; (ii) HFCL Advance Systems Private Limited; (iii) HFCL B.V. Netherlands; (iv) HFCL Inc. USA; (v) HFCL Technologies Private Limited; (vi) HTL Limited; (vii) Moneta Finance Private Limited; (viii) Polixel Security Systems Private Limited; and (ix) Raddef Private Limited, (x) HFCL Canada Inc. (Wholly-owned subsidiary of HFCL B.V.); (xi) 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); (xii) HFCL UK Limited (Wholly-owned subsidiary of HFCL B.V.) (w.e.f. July 05, 2024); and (xiii) HFCL Pty Limited (Wholly-owned subsidiary of HFCL B.V.) (w.e.f. October 28, 2024)
Stakeholders' Relationship Committee	The stakeholders' relationship committee constituted by our Board of Directors
Senior Management Personnel	Senior management personnel of our Company as disclosed in "*Board of Directors and Senior Management*" on page 144
Unaudited Consolidated Financial Results	Unaudited consolidated financial results of our Company, its Subsidiaries and Associates as at and for the Six -months ended September 30, 2025 prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, as amended, and in compliance with Regulation 33 of the SEBI Listing Regulations.

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to investors on the basis of Application Forms submitted by them, in consultation with the BRLM and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottee(s)	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly.
Bidder(s)	Any prospective investor, being an Eligible QIB who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Bidding Period/ Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which Bidders can submit their Bids including any revision and/or modifications thereof
Book Running Lead Manager/ BRLM	Monarch Networth Capital Limited
CAN/ Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price, and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e., on or about [●], 2025
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the BRLM
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Account	The account titled "*HFCL Limited – QIP Escrow Account*" to be opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited
Escrow Bank	State Bank of India
Escrow Agreement	The escrow agreement dated December 22, 2025 entered into amongst our Company, the Escrow Bank and the BRLM for collection of the Bid Amounts and remitting refunds, if any, of the amounts collected, to the Bidders in relation to the issue.
Floor Price	The floor price ₹ 65.84 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed in the 38th AGM held through VC / OAVM facility on September 15, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue	The offer, issuance and Allotment of [●] Equity Shares each at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] crores pursuant to Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	[●] the last date up to which the Application Forms and the Bid Amount shall be accepted by our Company (or the BRLM, on behalf of our Company)

Term	Description
Issue Opening Date	December 22, 2025, the date on which the acceptance of the Application Forms and the Bid Amount shall have commenced by our Company (or the BRLM, on behalf of our Company)
Issue Price	A price per Equity Share of ₹ [●], including a premium of ₹ [●]
Issue Proceeds	Total proceeds from the Issue
Issue Size	The aggregate size of the Issue, up to [●] Equity Shares aggregating up to ₹ [●] crores
Monitoring Agency	Care Ratings Limited
Monitoring Agency Agreement	Agreement dated December 22, 2025 entered into by and between our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the finalization of the issue proceeds of the Issue, after deducting fees, commissions and expenses of the Issue
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Pay-In Date	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
Placement Agreement	The placement agreement dated December 22, 2025 between our Company and the BRLM
Placement Document	The placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This preliminary placement document dated December 22, 2025 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIBs/ Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	December 22, 2025 which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Issue Shares
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Abbreviations

Term	Description
AED	United Arab Emirates Dirham
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Civil Code	The Indian Code of Civil Procedure, 1908
Companies Act/ Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder

Term	Description
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
DIN	Director Identification Number
EGM	Extraordinary general meeting
EUR	Euro
FBIL	Financial Benchmark India Private Limited
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (Formerly Department of Industrial Policy and Promotion), Ministry of Commerce and Industry, GoI by circular DPIIT file number 5(2)/2020-FDI Policy, with effect from October 15, 2020
Feedback Advisory	Feedback Advisory Services Private Limited
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year/ Fiscal/ FY	A period of 12 months ending March 31, unless otherwise stated
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI/ Foreign Portfolio Investor(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GBP	Great Britain Pound Sterling
GDP	Gross domestic product
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IAS Rules	The Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	The Institute of Chartered Accountants of India
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the IAS Rules
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income tax Act, 1961
JPY	Japanese Yen
Ltd.	Limited
MCA	Ministry of Corporate Affairs
Networth	Paid up share capital plus all reserves and surplus (excluding revaluation reserves)
Non-Resident Indian(s)/ NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax / profit for the respective period / year
PBT	Profit before tax

Term	Description
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
Revenue	Revenue from operations is net of Goods and Service Tax as applicable.
Rs/Rupees/Indian Rupees	The legal currency of India
RoC / Registrar of Companies	Registrar of Companies, Himachal Pradesh
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
USA/ U.S./ United States	The United States of America
Video Conferencing / Other Audio-Visual Means facility or VC / OAVM facility	Audio- visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Technical and Industry Terms

Term	Description
ADSS	All Dielectric Self Supporting
AI	Artificial Intelligence
ARP	Aramid reinforced plastic
BEL	Bharat Electronics Limited
CAGR	Compound annual growth rate
CID	Criminal Investigation Department, Government of Andhra Pradesh
CNOC	BharatNet Central NOC
CNP	Carrier-neutral infrastructure providers
CP	Communication provider
CPE	Customer premises equipment
DC	Data center
DCI	Data center interconnectivity
DCIS	Digital communication innovation square
DDT	Dividend Distribution Tax
DLI	Design linked incentive
DLM	Design-led manufacturing
DoT	Department of Telecommunications
DPSU	Defense public sector undertakings
DRDO	Defence Research and Development Organization
ED	Directorate of Enforcement, Government of India
EIR	Effective interest method
EO/IR	Electro-Optics/Infrared Systems

Term	Description
ERP	Enterprise Resource Planning
EW	Electronic warfare
FRP	Fibre reinforced plastic
FTTH	Fibre to the home
FWA	Fixed wireless access
GOFNMS	GIS Based Optical Fibre Cable Network Management System
HCRR	High-capacity radio relay
HPC	High-performance computing
IBR	Intermittently bonded ribbon
IC	Integrated Circuit
IDC	Industry Analysts
IGFR	Impregnated glass fibre reinforcement
IOT	Internet of things
IRSA	Indian radio software architecture
IT	Information technology
LAN	Local area network
MANET	Mobile ad hoc network
MLC	Minimum local content
MoD	Ministry of Defence
MPLS	Multi-protocol label switching
NFS	Network For Spectrum
Non-DC	Non-Datacenter
OEM	Original equipment manufacturers
OF	Optical fibre
OFC Expansion	Capacity expansion of optic fibre and optic fibre cables
OFC	Optical fibre cable
PCS	Passive connectivity solutions
PIL	Positive Indigenization Lists
PLI	Production linked incentive
PMA	Preferential market access
PMA Manufacturers	Preferential Market Access Manufacturers
PoE	Power over ethernet
R&D	Research and development
SA	Standalone
SDR	Software defined radios
SD-WAN	Software-defined WAN
SoCs	System-on-Chips
STT	Securities transaction tax
SWSM	State Water and Sanitation Mission
TAM	Total addressable market
TASL	Tata Advanced Systems Limited
TPCR	Technology perspective and capability roadmap
TWS	Thermal weapon sights
UAVs	Unmanned aerial vehicles
UBR	Unlicensed band radios
USOF	Universal Service Obligation Fund

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections "*Risk Factors*", "*Objects of Issue and Use of Issue Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 35, 80, 175, 162 and 187 respectively.

Issuer	HFCL Limited
Face value	₹ 1 per Equity Share
Issue Price	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)
Floor Price	₹ 65.84 per Equity Share, calculated on the basis of Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of up to 5% on the Floor Price in accordance with the approval of the Shareholders accorded through their special resolution dated September 15, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of [●] Equity Shares, aggregating up to ₹ [●]* crores, at a premium of ₹ [●] each. A minimum of 10% of the Issue Size, i.e., at least [●] Equity Shares shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs. * *Subject to allotment of Equity Shares pursuant to the Issue*
Date of Board / Fund Raising Committee resolution authorizing the Issue	July 25, 2025 and December 22 2025
Date of Shareholders' resolution authorizing the Issue	Special resolution dated September 15, 2025
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 187 and 98
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 162, 177 and 185 respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the BRLM.
Equity Shares issued, subscribed, paid-up and outstanding immediately prior to the Issue	144,26,72,812 Equity Shares
Equity Shares issued subscribed, paid-up and outstanding immediately after the Issue	[●] Equity Shares
Issue procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 162

Listing and trading	Our Company has obtained in-principle approvals each dated December 22, 2025 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares, to be issued pursuant to this Issue.	
Lock-up	For details of the lock-up, see "*Placement – Lock-up*" on page 175.	
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. See "*Issue Procedure*", "*Selling Restrictions*" *and "Purchaser Representations and Transfer Restrictions"* on pages 162, 177 and 185 respectively.	
Objects of Issue and Use of Issue Proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹ [●] crores. The net proceeds from the Issue, after deducting fees, commissions and Issue related expenses is expected to be approximately ₹ [●] crores. See "*Objects of Issue and Use of Issue Proceeds*" on page 80 for information regarding the use of Issue Proceeds from the Issue.	
Risk factors	See "*Risk Factors*" on page 35 for a discussion of risks you should consider before investing in the Equity Shares.	
Indian taxation	For details of statement of possible tax benefits available to the Company and to shareholders of the Company under the applicable laws in India, see *"Statement of Possible Tax Benefits"* on page 191	
Closing Date	The Allotment of the Equity Shares is expected to be made on or about [●], 2025.	
Ranking and dividends	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see "*Dividends"* and "*Description of the Equity Shares"* on pages 98 and 187 respectively.	
Security Codes/ Symbols for the Equity Shares	**ISIN**	INE548A01028
	BSE Scrip Code	500183
	NSE Symbol	HFCL

SUMMARY FINANCIAL INFORMATION

Certain financial metrics derived from the Audited Consolidated Financial Statements

The accounting ratios derived from the Audited Consolidated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below. The table below should be read in conjunction with the sections titled "*Risk Factors*" and "*Financial Statements*" on pages 35 and 206, respectively:

(in ₹ Crores)

Sr. No.	Particulars	As at and for the six months period ended September 30, 2025	As at and for the fiscal year ended March 31, 2025	As at and for the fiscal year ended March 31, 2024	As at and for the fiscal year ended March 31, 2023
1.	Revenue from operations	1,914.36	4,064.52	4,465.05	4,743.31
2.	Profit before tax	61.64	216.59	454.02	430.61
3.	Profit for the period	42.62	173.26	337.52	317.71
4.	Equity share capital[#]	144.21	144.21	144.01	137.64
5.	Other equity	3,987.36	3,934.94	3,811.53	2,969.90
6.	Non-controlling interests	47.14	40.17	44.29	36.60
7.	Total equity/Net worth	4,178.71	4,119.32	3,999.83	3,144.14
8.	Basic earning per equity share (in ₹)	0.25[@]	1.23	2.33	2.18
9.	Reserves and surplus	3,852.69	3,830.64	3,666.29	2,926.08
10.	Return on equity/net worth (%)*	1.03%[@]	4.27%	9.45%	10.66%
11.	Diluted earning per equity share (in ₹)	0.25[@]	1.23	2.33	2.18
12.	Net Asset Value per Share (in ₹)**	28.98	28.57	27.78	22.84

** Profit for the period divided by Average Total Equity/Net Worth*
*** Net Assets (Total assets less total liabilities) divided by number of equity shares*
@ Not annualized
Equity share capital is net of equity shares held by HFCL Employee Trust.

Reconciliation of return on equity/net worth ("ROE")

(in ₹ Crores)

Particulars	As at and for the six months period ended September 30, 2025	As at and for the fiscal year ended March 31, 2025	As at and for the fiscal year ended March 31, 2024	As at and for the fiscal year ended March 31, 2023
Profit for the period (I)	42.62	173.26	337.52	317.71
Average Total Equity/Net Worth (II)	4149.02	4059.58	3571.99	2981.26
ROE (I/II) (%)	**1.03%[@]**	**4.27%**	**9.45%**	**10.66%**

@ Not annualized

Reconciliation of Average Total Equity

(in ₹ Crores)

Particulars	As at and for the six months period ended September 30, 2025	As at and for the fiscal year ended March 31, 2025	As at and for the fiscal year ended March 31, 2024	As at and for the fiscal year ended March 31, 2023
Total Equity	4,178.71	4,119.32	3,999.83	3,144.14
Opening balance (I)	4,119.32	3,999.83	3,144.14	2,818.37
Closing balance (II)	4,178.71	4,119.32	3,999.83	3,144.14
Average Total Equity (I)+(II)/2	4,149.02	4,059.58	3,571.99	2,981.26

Reconciliation of Net Asset Value per Share

(in ₹ Crores)

Particulars	As at and for the six months period ended September 30, 2025	As at and for the fiscal year ended March 31, 2025	As at and for the fiscal year ended March 31, 2024	As at and for the fiscal year ended March 31, 2023
Total Assets (I)	7,959.47	7,546.29	6,486.83	5,472.59
Total liabilities (II)	3,780.76	3,426.97	2,487.00	2,328.45
Net assets (III=I-II)	4,178.71	4,119.32	3,999.83	3,144.14
Equity shares# (IV)	144,21,05,912	144,20,75,312	144,00,54,012	137,63,76,121
Net Asset Value per Share (V=(III*10^7)/IV (in `)	28.98	28.57	27.78	22.84

Equity shares are net of equity shares held by HFCL Employee Trust.

Set forth below are details of our interest coverage ratio in the corresponding periods. Interest coverage ratio, on a consolidated basis, is calculated on the basis of profit/ (loss) before tax plus share of (loss) of joint ventures, net of tax plus finance costs, divided by finance costs, for the year/ period.

(in ₹ Crores)

Particulars	Six months ended September 30, 2025	Fiscal 2025	Fiscal 2024	Fiscal 2023
Earnings Before Interest & Tax (A)	178.17	401.24	600.37	582.89
Interest Expenses (B)	116.52	185.01	147.28	152.19
Interest Coverage Ratio (A/B)	1.53	2.17	4.08	3.83

Notes:

1. Earnings Before Interest & Tax includes profit before share of profit/(loss) of joint venture, exceptional item and income tax along with the finance costs during the year/period

2. Interest expenses are the total Finance cost incurred for the relevant years/period.

3. The above ratios have been computed on the basis of the Audited Consolidated Financial Statements for the Fiscal 2025, 2024 and 2023 and Unaudited Consolidated Financial Results for the six months period ended September 30, 2025.

4. Ratio for six months ended September 30, 2025, is not annualized.

Summary consolidated balance sheet

(in ₹ Crores)

Particulars	As at September 30, 2025 Unaudited	As at March 31, 2025 Audited	As at March 31, 2024 Audited	As at March 31, 2023 Audited
Non-current Assets				
(a) Property, Plant and Equipment	824.81	630.21	495.94	487.09
(b) Capital work-in-progress	112.20	200.03	154.09	70.50
(c) Right-of-use-assets	25.86	16.66	11.72	17.32
(d) Goodwill	26.17	26.17	26.17	26.17
(e) Intangible assets (other than Goodwill)	163.64	178.55	118.14	17.65
(f) Intangible assets under development	458.75	401.85	314.87	197.66
(g) Investments accounted for using equity method	20.85	19.86	19.50	18.57
(h) Financial Assets				
(i) Investments	115.41	136.80	169.22	39.03
(ii) Trade Receivables	382.28	409.86	520.31	423.11
(iii) Loans	5.11	11.76	9.00	9.50
(iv) Others	89.46	72.28	54.26	44.29
(i) Other non-current assets	65.00	71.58	78.53	39.55
Total Non Current Assets	**2,289.54**	**2,175.61**	**1,971.75**	**1,390.44**
Current Assets				
(a) Inventories	1,151.40	898.84	774.42	757.85
(b) Financial Assets				
(i) Investments	41.36	1.30	5.19	12.38
(ii) Trade Receivables	1,898.40	1,891.73	2,215.48	1,886.11
(iii) Cash & cash equivalents	29.43	70.52	23.33	62.91
(iv) Bank balances other than (iii) above	307.11	420.80	313.02	259.68
(v) Loans	22.00	15.50	20.01	21.49
(vi) Others	615.81	610.54	173.74	533.57

Particulars	As at September 30, 2025 Unaudited	As at March 31, 2025 Audited	As at March 31, 2024 Audited	As at March 31, 2023 Audited
(c) Current Tax Assets (net)	29.43	16.42	52.50	15.19
(d) Other current assets	1,574.99	1,445.03	937.39	532.97
Total Current Assets	**5,669.93**	**5,370.68**	**4,515.08**	**4,082.15**
Total Assets	**7,959.47**	**7,546.29**	**6,486.83**	**5,472.59**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	144.21	144.21	144.01	137.64
(b) Other Equity	3,987.36	3,934.94	3,811.53	2,969.90
Equity attributable to owners of the Company	**4,131.57**	**4,079.15**	**3,955.54**	**3,107.54**
Non-controlling interest	47.14	40.17	44.29	36.60
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	445.25	389.90	169.21	110.37
(ii) Lease liabilities	17.42	9.73	9.07	6.20
(b) Provisions	54.87	53.01	47.49	40.90
(c) Deferred tax liabilities (Net)	99.66	86.46	77.28	28.82
Total Non Current Liabilities	**617.20**	**539.10**	**303.05**	**186.29**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	1,106.42	951.16	808.05	637.94
(ii) Lease Liabilities	10.89	8.97	4.89	13.61
(iii) Operational Buyers Credit	149.64	162.20	-	168.13
(iv) Trade Payables				
- total outstanding dues of micro enterprises and small enterprises	151.18	74.44	65.13	65.03
- total outstanding dues to other than micro enterprises and small enterprises	806.95	1,004.22	742.49	812.99
(v) Other financial liabilities	484.39	442.71	440.87	368.75
(b) Current tax liabilities (Net)	3.58	1.54	4.88	19.52
(c) Other current liabilities	433.93	226.80	105.37	43.89
(d) Provisions	16.58	15.83	12.27	12.30
Total Current Liabilities	**3,163.56**	**2,887.87**	**2,183.95**	**2,142.16**
Total Liabilities	**3,780.76**	**3,426.97**	**2,487.00**	**2,328.45**
Total Equity and Liabilities	**7,959.47**	**7,546.29**	**6,486.83**	**5,472.59**

Summary consolidated statement of profit and loss

(in ₹ Crores)

	Particulars	For the period ended September 30, 2025 Unaudited	For the year ended March 31, 2025 Audited	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
I	**INCOME**				
	Revenue from operations	1914.36	4064.52	4465.05	4,743.31
	Other Income	27.57	57.76	100.59	47.18
	Total Income (I)	**1941.93**	**4122.28**	**4565.64**	**4,790.49**
II	**EXPENSES**				
	Cost of Materials Consumed	601.37	1232.13	799.57	980.87
	Other Direct costs	263.54	676.42	1132.56	1,035.98
	Purchases of stock-in trade	607.56	1117.76	1391.20	1,564.47
	Change in inventories of finished goods, work-in progress and stock-in trade	(193.11)	(82.47)	(102.89)	(102.41)
	Employee benefits expense	199.59	363.55	350.53	348.19
	Finance Costs	116.52	185.01	147.28	152.19
	Depreciation and amortization expenses	68.13	105.51	81.76	82.97
	Other Expenses	216.68	308.14	312.54	297.53
	Total Expenses (II)	**1880.28**	**3906.05**	**4112.55**	**4,359.79**
III	**Profit / (loss) before Share of profit/ (loss) of joint venture, exceptional items and income tax (I-II)**	**61.65**	**216.23**	**453.09**	**430.70**
IV	Share of profit/ (loss) of jointly controlled entities	(0.01)	0.36	0.93	(0.09)
V	**Profit / (loss) before exceptional items and income tax (III+IV)**	**61.64**	**216.59**	**454.02**	**430.61**
VI	Exceptional item	-	-	-	-
VII	**Profit / (Loss) before tax (V - VI)**	**61.64**	**216.59**	**454.02**	**430.61**
VIII	**Tax expense**				
	- Current tax	6.12	34.50	67.91	79.00
	- Deferred Tax	12.90	8.83	48.59	33.90
IX	**Profit/(loss) for the period / year (VII-VIII)**	**42.62**	**173.26**	**337.52**	**317.71**
X	**Other Comprehensive Income (OCI):**				
	Items that will not be reclassified to profit or loss				
	(i) Remeasurements of defined benefit plans	1.12	1.64	(0.54)	(0.56)
	(ii) Income tax on above item	(0.31)	(0.34)	0.13	0.10
	(iii) Gain/(Loss) on Equity Instruments designated through OCI	31.38	(36.75)	130.62	3.98
	Items that will be reclassified to profit or loss				
	(i) Loss on translation of foreign operation	(1.06)	(0.38)	(0.61)	(1.97)

	Particulars	For the period ended September 30, 2025 Unaudited	For the year ended March 31, 2025 Audited	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
	Total Other comprehensive income/(loss) for the period / year	**31.13**	**(35.83)**	**129.60**	**1.55**
XI	**Total comprehensive income for the period / year (IX+X)**	**73.75**	**137.43**	**467.12**	**319.26**
XII	**Profit attributable to:**				
	Owners of the Parent	35.62	177.41	329.81	300.97
	Non-controlling interest	7.00	(4.14)	7.72	16.74
XIII	**Total comprehensive income for the period / year attributable to:**				
	Owners of the Parent	66.79	141.55	459.44	302.63
	Non-controlling interest	6.97	(4.11)	7.69	16.63
XIV	**Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the period / year**				
	- Basic (₹)	0.25	1.23	2.33	2.18
	- Diluted (₹)	0.25	1.23	2.33	2.18

Summary consolidated statement of cash flow

(in ₹ Crores)

	Particulars	For the period ended September 30, 2025 Unaudited	For the year ended March 31, 2025 Audited	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
I.	**Cash Flow From Operating Activities**				
	Net Profit before Taxes and Exceptional Items	61.64	216.59	454.02	430.61
	Adjustments for				
	Depreciation &Amortization expenses	68.13	105.51	81.76	82.99
	(Gain)/Loss on disposal of property, plant and equipment	(0.22)	(0.76)	0.28	(0.53)
	Financial Guarantee Income	(0.15)	(0.30)	(0.14)	(0.30)
	Impairment loss, Bad Debts, advances and miscellaneous balances written off	9.32	0.94	(10.98)	4.70
	Liquidated Damages recovered on Sales	-	5.94	-	(2.73)
	Employee Share based payments expenses	-	-	-	-
	Unrealised gain on foreign exchange fluctuation	(1.55)	(4.05)	3.54	(10.09)
	(Gain)/Loss on Sale of Investment - Net	(0.04)	(0.11)	(1.34)	-
	Share of profit/ (loss) of an associate	0.01	(0.36)	(0.93)	0.09
	Dividend and interest income classified as investing cash flows	(13.51)	(24.98)	(21.08)	(14.66)
	Finance costs (net)	116.52	185.01	147.28	152.19
		178.51	**266.84**	**198.39**	**211.66**

	Particulars	For the period ended September 30, 2025 Unaudited	For the year ended March 31, 2025 Audited	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
	Change in operating assets and liabilities				
	(Increase)/Decrease in Trade and other receivables	13.14	431.37	(419.14)	191.17
	(Increase)/Decrease in Inventories	(252.56)	(124.42)	(16.58)	(184.47)
	Increase/(decrease) in Trade payables	(120.53)	271.04	(70.39)	(132.10)
	(Increase)/Decrease in other financial assets	(10.04)	(438.01)	(1.31)	(147.60)
	(Increase)/ Decrease in other financial liabilities	(12.56)	162.20	(168.12)	154.34
	(Increase)/decrease in other non-current assets	2.62	(8.73)	(7.52)	(3.39)
	(Increase)/decrease in other current assets	(129.96)	(507.61)	(58.07)	(138.81)
	Increase/(decrease) in provisions	0.75	3.56	(0.03)	2.15
	Increase in other Non current liabilities	2.99	6.79	5.44	3.63
	Increase in other current liabilities	239.49	118.14	158.93	(53.47)
		(266.66)	**(85.67)**	**(576.79)**	**(308.55)**
	Cash generated from/(used in) operations	**(26.51)**	**397.76**	**75.62**	**333.71**
	Income taxes paid (net)	(17.09)	(1.76)	(120.49)	(98.60)
	Net cash inflow from/(used in) operating activities	**(43.60)**	**396.00**	**(44.87)**	**235.11**
II	**Cash flows from investing activities**				
	Payment for acquisition of subsidiaries & other investments	(1.00)	(4.45)	-	(10.25)
	Capital Receipt of Subsidy on Fiber Plant	-	-	-	42.58
	Payments for property, plant and equipment including CWIP	(133.74)	(230.17)	(183.51)	(193.57)
	Payments for Intangible Assets	(63.46)	(179.03)	(226.52)	(147.98)
	Proceeds from sale of property, plant and equipment	0.49	1.66	0.50	1.13
	Bank deposits placed/matured (net)	102.84	(121.84)	(53.93)	252.59
	Payment for loan to body corporate	0.15	6.26	1.98	5.55
	Proceeds from sale of Investment	12.89	4.24	8.95	-
	Dividends received	-	-	0.01	-
	Interest received	2.74	4.94	3.80	5.86
	Net cash inflow from /(used in) investing activities	**(79.09)**	**(518.39)**	**(448.72)**	**(44.09)**
III	**Cash flows from financing activities**				
	Proceeds from Issue of Convertible Warrants	-	10.20	73.20	28.20
	Proceeds from issues of Share Capital (including security premium)	0.06	0.66	352.96	3.08
	Share issue expenses	-	-	(9.06)	-
	Proceeds from borrowings	272.84	590.19	320.19	133.29
	(Repayment) of borrowings	(62.24)	(226.40)	(91.23)	(127.79)
	(Repayment) of lease liabilities	(8.58)	(10.09)	(6.86)	(9.81)

Particulars		For the period ended September 30, 2025 Unaudited	For the year ended March 31, 2025 Audited	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
		202.08	**364.56**	**639.20**	**26.97**
	Less:				
	Finance Costs paid	(106.06)	(166.13)	(156.64)	(147.32)
	Dividends paid	(14.42)	(28.84)	(28.55)	(24.45)
	Net cash inflow from/(used in) financing activities	**81.60**	**169.59**	**454.01**	**(144.80)**
IV	**Net increase /(decrease) in cash and cash equivalents (I+II+III)**	**(41.09)**	**47.19**	**(39.58)**	**46.22**
V	Cash and cash equivalents at the beginning of the financial period / year	70.52	23.33	62.91	16.69
VI	**Cash and cash equivalents at end of the period / year**	**29.43**	**70.52**	**23.33**	**62.91**

There have been no changes to our accounting policies in the last three financial years.

The above information is extracted from and may be read in conjunction with Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, which are presented in the manner set out below:

No.	Financial Statements	Page No.
1.	Unaudited Consolidated Financial Results for the six month period ended September, 30, 2025 along with review report issued	207-213
2.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2025 along with audit report issued	214-275
3.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2024 along with audit report issued	276-334
4.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2023 along with audit report issued	335-395

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the country, the industry and segments in which we currently operate. We have described the risks and uncertainties that our management believes are material but the risks set out in this Preliminary Placement Document may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in future. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business" and "Industry Overview" on pages 133 and 100, respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

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

Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. The financial information included in this section for Fiscal 2025, Fiscal 2024 and Fiscal 2023 has been extracted from our Audited Consolidated Financial Statements beginning on page 214. The financial information included in this section for the six months ended September 30, 2025 and September 30, 2024 has been extracted from our Unaudited Consolidated Financial Statements approved by the Board of Directors and limited reviewed by statutory auditors of the Company beginning on page 207.

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

Internal Risk Factors

Risks Relating to our Company and our Business

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

As at September 30, 2025, our Order Book was ₹9,980.74 crore (including advance purchase orders), of which 64.63%% comprises large turnkey projects, 29.81% comprises product orders and 5.57% comprises other product and services orders. Our "Order Book" comprises anticipated revenues from the unexecuted portions of existing contracts and from advance purchase orders and advance work orders for which we are yet to receive final purchase orders or work orders.

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

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

affect our business, results of operations and financial condition. For more information on our Order Book, see "*Our Business — Our Order Book*" on page 136.

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

In the six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024 and Fiscal 2023, 35.89%, 22.36%, 40.10%, and 30.47% of our consolidated revenue was generated from large-scale turnkey projects (turnkey contracts more than ₹25 crore). The timing of when project awards will be awarded is unpredictable and outside of our control. We operate in competitive markets where it is difficult to predict whether and when we will receive awards since these awards and projects often involve complex and lengthy negotiations and bidding processes. These processes can be impacted by a variety of factors including governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. In addition, during an economic downturn, many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem as standard market practice or acceptable. As a result, we are subject to the risk of losing new awards to competitors. Because a substantial portion of our revenues are generated from large projects, our results of operations can fluctuate over fiscal years and quarters, depending on whether and when project awards occur and the commencement and progress of work under such awarded contracts. Hence, there is a risk that revenue may not be derived from awarded projects as quickly as anticipated. Also, any cancellation or suspension of an order by a customer may also affect our business, results of operations and financial condition.

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

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

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

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

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

Our manufacturing facilities are also subject to operating risk arising from any failure to comply with the directives of relevant government authorities (such as environmental authorities) or any changes in governmental regulations affecting our business and our facilities, such as any change in the zoning of the land on which our manufacturing facilities are located into a residential or other non-industrial use, which could lead to a loss of licenses, certifications, permits and the ability to continue operating our current manufacturing facilities and R&D centres. Moreover, catastrophic events could also destroy any inventory

and capital assets located at our facilities and R&D centres. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities attributed to various reasons as stated above, we may not be able to replace the equipment or inventories or use different facilities to continue our operations in a timely and cost-effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and could have a material adverse effect on our business, results of operations and financial condition. For details of our manufacturing facilities, see "*Our Business*" on page 133.

Success of our operations depends on availability of labour and good relationships with our labour force. We have two labour unions at our manufacturing units. We have not had any labour strikes or cessation of work due to labour disputes in the six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024 and Fiscal 2023. Strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. We cannot assure you that we shall not experience any strikes or lockouts on account of labour disputes in the future. Such events could disrupt our operations and may have a material adverse effect on our business, results of operations and financial condition. In addition, we also may face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

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

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

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

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

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

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

We are focused on expanding our Optical Fiber Cable facilities at Goa and Hyderabad. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing in order to expand and upgrade our existing facilities as well as to construct new facilities. Consequently, we cannot assure you that any of our expansion projects will be completed as planned or on

schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our business, results of operations and financial condition will be adversely affected. For further information, see "*Our Business - Our Strategy*" and "*Objects of Issue and Use of Issue Proceeds* " on pages 139 and 80, respectively.

6. Certain of our Subsidiaries have had negative net worth in Fiscal 2025 and are dependent on its holding company for financial support

Certain of our subsidiaries, have incurred losses in the preceding Fiscal and consequently reported a negative net worth as at March 31, 2025. The negative net worth is primarily attributable to losses incurred by such subsidiaries on account of limited business operations. Although management has undertaken steps to improve the operational and financial performance of these Subsidiaries, there can be no assurance that such measures will be successful or that the Subsidiary will achieve or sustain profitability in the near future.

In light of the above, the holding company(ies) of such Subsidiaries have provided financial and operational support in the past and intends to continue such support in the foreseeable future to enable the Subsidiary to meet its obligations as they fall due and to support the generation of cash flows and profitability.

Any inability or unwillingness of the holding company to provide the anticipated support, or any deterioration in the financial condition or cash flows of the holding company, may adversely affect the Subsidiary's liquidity, ability to continue as a going concern and overall financial performance. Further, continued losses or failure of the Subsidiary to achieve profitability may require additional funding, restructuring or impairment of investments, which could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

7. One of our stepdown subsidiaries, HFCL Poland sp. z.o.o., is currently under voluntary liquidation and has had negative net worth in Fiscal 2025 and is dependent on our Company for its financial stability and well-being in the future.

One of our stepdown subsidiaries, HFCL Poland sp z.o.o., has had negative net worth during the last fiscal year and is currently undergoing voluntary liquidation. The negative net worth is on account of limited business operations. The initiation of voluntary liquidation reflects management's assessment of the stepdown subsidiary's business prospects and strategic considerations; however, there can be no assurance regarding the timing, manner or outcome of such liquidation proceedings.

Risks relating to the Issue and object of the Issue

8. Our funding requirements and proposed deployment of the Issue Proceeds have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, we may have to incur additional cost to fund the "Objects of Issue and Use of Issue Proceeds" because of which our business, financial condition and results of operations may be adversely affected.

We intend to use the Net Proceeds for the purposes described in the section titled "*Objects of Issue and Use of Issue Proceeds*" on page 80. The funding requirements mentioned as a part of the "*Objects of Issue and Use of Issue Proceeds*" have not been appraised by any bank or financial institution. While a monitoring agency will be appointed for monitoring utilisation of the Issue Proceeds, the proposed utilisation of the Issue Proceeds is based on current conditions, internal management estimates, estimates received from the third party agencies and are subject to changes in the external circumstances or costs, or in other financial condition, business or strategy as discussed further below. Based on the competitive nature of our industry, we may have to revise our business plan and / or management estimate from time to time and consequently our funding requirements may also change. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. Further, pending utilisation of Issue Proceeds towards the "*Objects of Issue and Use of Issue Proceeds*", our Company will have the flexibility to deploy the Issue Proceeds and to deposit the Issue Proceeds temporarily in deposits with one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. Accordingly, prospective investors will need to rely on our management's judgment with respect to the use of Issue Proceeds. If we are unable to enter into arrangements for utilisation of the Issue Proceeds as expected and assumed by us in a timely manner or at all, we may not

be able to derive the expected benefits from the Issue Proceeds and our business and financial results may suffer.

9. We have not entered into any definitive agreements with respect to certain capital expenditure.

We intend to use the Net Proceeds, *inter alia*, towards funding capital expenditure requirements for capacity expansion of optic fibre cables by the Company or through its Subsidiaries, as set forth in the section "*Objects of Issue and Use of Issue Proceeds – Requirements of Funds – Capital Expenditure*" on page 80. We have not entered into any definitive agreements to utilize the Issue Proceeds towards the proposed capital expenditure. We have relied on third party quotations to calculate the expected amount of the Issue Proceeds to be spent on equipment and machinery. We cannot confirm whether we will be able to purchase the equipment at the same price at which we obtained the quotations. Consequently, we may require additional funds towards such capital expenditure.

10. We have not made any alternate arrangements for meeting our capital requirements for the "Objects of Issue and Use of Issue Proceeds". Further, we have not identified any alternate source of financing the 'Objects of the Offer. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

As on date, we have made partial alternate arrangements for meeting our capital requirements for the "*Objects of Issue and Use of Issue Proceeds*". We meet our capital requirements through our bank finance, unsecured loans, owned funds and internal accruals. With respect to capital expenditure which is not proposed to be funded out of the Issue Proceeds, the debt facilities have been sanctioned for a part of the proposed capital expenditure. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Offer or any shortfall in the Offer proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details, see "*Objects of Issue and Use of Issue Proceeds*" on page 80.

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

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

12. We are dependent on and derive a substantial portion of our revenue from a limited number of government customers and exposes us to risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition.

We are dependent on a limited number of private and public customers and projects. Many of our customers are PSUs like BSNL and Uttar Pradesh Metro Rail Corporation Limited as well as State Government entities (together, "***Government Customers***").

Our revenue and Order Book are concentrated with, and we are dependent on, a limited number of customers and projects. In the six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024 and Fiscal 2023, our top ten customers accounted for 61.82%, 71.02%, 66.42% and 72.10% of our telecom revenue, and 90.11%, 94.05%, 94.70% and 98.86% of our turnkey revenue respectively; our top five customers accounted for 50.19%, 66.05%, 57.59% and 65.44%of our telecom revenue and 62.99%, 80.39%, 82.20% and 94.96%of

our turnkey revenue respectively. Cancellation by customers or delay or reduction in their orders could have a material adverse effect on our business, results of operations and financial condition. Further, where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. In addition, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Further, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future.

Our revenue and Order book are also concentrated with Government Customers. In six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024 and Fiscal 2023, Government Customers accounted for approximately 19.11%, 35.28%, 26.33% and 17.27% of our revenue from operations, respectively. As at September 30, 2025, approximately 81.95% of our Order book was concentrated in projects with the GoI, PSUs and State Governments as customers.

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

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

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

Fifth generation (5G) telecom networks are expected to power up to 2% of India's GDP, amounting to $180 billion by 2030 and it is expected to transform the 1.2 billion subscriber telecom industry of India. *(Source: Feedback Advisory Report)*. Our future performance will depend on the successful development, introduction and market acceptance of new, improved and enhanced products that address these changes as well as current and potential customer requirements and changing market trends. New products based on new or improved technologies may render existing products obsolete. In addition, a slowdown in demand for our existing products like OFC, certain telecommunications equipment and defence products ahead of a new product introduction could result in a write-down in the value of inventory on hand related to existing products and/or a charge for the impairment of long-lived assets related to such products. If our customers defer or cancel orders for existing products due to a slowdown in demand or in the expectation of a new product release or if there is any delay in development or introduction of our new products or enhancements of our products, our business, results of operations and financial condition would be adversely affected.

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

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

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

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

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

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

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

If we are unable to deliver reliable and high-quality products or services or timely resolve any issues relating to our products and services, confidence in our business could be undermined and we may be unable to expand

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

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

We are dependent on our R&D activities and engineers/technical experts at our R&D centres for our future success. In six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024, and Fiscal 2023, our recurring R&D expenses were ₹ 0.46 crore, ₹ 6.10 crore, ₹ 9.77 crore and ₹ 4.50 crore, respectively, which represented 0.02 %, 0.15%, 0.22% and 0.09% of our consolidated revenue from operations, respectively. In addition, in the six months ended September 30, 2025, in Fiscal 2025, Fiscal 2024 and Fiscal 2023, our capital expenditure on R&D was ₹ 63.20 crore, ₹ 171.33 crore, ₹ 223.28 crore and ₹ 172.71 crore, respectively. Our future results of operations depend, to a significant degree, on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner. As part of our business strategies, we intend to further diversify our product portfolio by entering into new product value chains. In addition, we intend to expand our capacities in existing products as well as expanding and strengthening our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for our success. We believe the development and commercialisation of new products are complex, time-consuming, costly and involves a high degree of business risk. We may encounter unexpected delays in the launch of these products, and even if launched as planned, such products may not perform as we expect.

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

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

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

- Focusing on upcoming opportunities in telecom, railway and defence;
- Improving our product mix to margin accretive own-designed products;
- Expanding and Modernizing Manufacturing Capabilities;
- Extending our market reach; and
- Building internal structures to focus on key specialization areas.

Our strategy may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products and services with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our technology and strategic partners, our failure to effectively market these new products and services or foresee challenges with respect

to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, automation, equipment and technology as required to cater to the requirement of changing demand and market preferences, our failure to maintain highest quality and consistency in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in GoI policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. Any failure on our part to implement our strategy due to many reasons as attributed aforesaid could be detrimental to our long-term business outlook and our growth prospects and may materially adversely affect our business, results of operations and financial condition. For further details of our strategies, see "*Our Business – Our Strategy*" on page 139.

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

Our performance depends largely on the efforts and abilities of our senior management, other key personnel and the performance and productivity of our operational managers. We believe that the inputs and experience of our senior management and our key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. For details in relation to the experience of our key managerial personnel, see section titled "*Board of Directors and Senior Management*" on page 144. There is no assurance, however, that these individuals or any other member of our senior management team will not leave us or join a competitor. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations and financial condition.

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

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

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

Our business requires working capital for day-to-day operations, procurement of raw materials and production. In addition, large-scale turnkey projects and contracts may require us to incur substantial working capital costs before milestone payments are made to cover these costs for the purpose of ensuring that such projects and contracts are delivered and completed on a timely manner. For example, we required substantial working capital for the SWSM project and BharatNet projects executed or under execution. In addition, certain purchase orders may require a considerable increase in materials and production costs, or fees for technology collaborators, particularly in connection with new product areas. The credit period given to customers may be considerable and customers may not be invoiced for products until the time of product delivery or after product delivery and, in some cases, the customer may not pay our invoices on time or at all. As at September 30, 2025, we had total outstanding working capital loans aggregating to ₹ 722.25 crore. Our inability to meet our working capital requirements through borrowings or cash from our operations, as the case may be, could have a material adverse effect on our business, results of operations and financial condition.

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

We are contesting certain legal proceedings in various courts and tribunals, including civil and taxation related cases before various forums and cannot assure you that the outcome of these legal proceedings will be favourable. We have also been issued legal notices by parties and/or received notices by regulatory authorities that could potentially result in legal proceedings. For instance, our Company has received investigation enquiries from SEBI vide emails dated November 12, 2025 and November 13, 2025, concerning certain trading activities of our Company with respect to a press release of the Company, to which our Company has submitted a response dated November 19, 2025. Further, our Company has received a summon dated July 31, 2018 from the Directorate of Enforcement, Shimla, Ministry of Finance, Government of India ("**ED**") under Section 37 of FEMA, 1999 read with Section 133(6) of the Income-tax Act, 1961 and certain officials/Directors of our Company (including our individual Promoter) have received summons dated July 25, 2025 from the ED, under Section 37 (1) and (3) of FEMA, 1999 read with Section 131 (1) of the Income Tax Act, 1961 and Section 30 of the Code of Civil Procedure, 1908 to provide *inter alia* information and documents with respect to issue of global depository receipts by the Company for USD 50 million in the year 2002. Our Company along with the officials/directors have submitted the responses and documents requested from time to time (latest on November 20, 2025) and no further communication has been received from ED in this regard.. However, at this stage, we are unable to ascertain the outcome or impact thereof of any action(s) that may be undertaken by the ED in this matter. Any unfavourable order in such matters may adversely affect our Company's reputation and financial conditions. Further, SEBI had also issued show cause notices in this regard, which have subsequently been settled by way of two settlement orders in 2019, without any admission or establishment of guilt by our Company. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. Such litigation could divert management time and attention and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected. For further details of the material legal proceedings that we are subject to, see the chapter titled "*Legal Proceedings*" on page 197.

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

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

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

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

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

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

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

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

23. We have in the past been in non-compliance with certain corporate governance requirements and paid certain fines in respect of the same.

Our Company, being a public listed company, is required to comply with certain corporate governance requirements as prescribed under the SEBI Listing Regulations. There have been certain non-compliances with such requirements by our Company in the past. For instance, our Company had received communications on November 22, 2021 and February 21, 2022, from both BSE and NSE, for non-compliance with Regulation 17 (1) of the SEBI Listing Regulations in relation to number of independent directors on the Board during the quarters ended September 30, 2021 and December 30, 2021 (up till November 24, 2021) and which levied fines aggregating to Rs. 11,30,000 (excluding applicable GST) for such non-compliance, which were subsequently paid by our Company. Similarly, we received an email dated March 26, 2024 from BSE Limited in relation to non-compliance of SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019, whereby, our Company was directed to pay a fine on account of delay in filing of trading application. While our Company is in compliance with corporate governance requirements as on the date of this Preliminary Placement Document, if we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, restrictions on the further issuance of securities and freezing of transfers of securities, imposition of fines or penalties on our Company or we may be subject to regulatory action by SEBI, Stock exchanges or the any other relevant authority.

24. Adverse macroeconomic conditions in India and globally may have an adverse impact on our business, results of operations and financial condition.

In the event of adverse macroeconomic conditions in India or globally, which may be characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment, higher inflation and lower consumer spending, the demand for our products and services, could be adversely affected. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Economic growth is affected by various factors including domestic consumption and savings, balance of trade

movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in currency exchange rates and outbreak of infectious diseases.
Similar factors, such as the Russia-Ukraine war, power shortages in Europe, rising inflation rates globally, global tariffs, volatility in interest rates, negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares. Demand for our products and services may be adversely affected by an economic downturn in domestic, regional and global economies. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

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

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

We import a portion of our equipment as well as components, materials and stock-in-trade used in our business and services. Accordingly, we are subject to foreign currency fluctuations in respect of such transactions made in various foreign currencies. Further, any political or economic disturbances in the countries from where we import could interrupt the timely supply of equipment procured by us. The exchange rate between the Rupee and other currencies, including the US dollar and the Euro, has changed substantially in recent years and may fluctuate substantially in the future.

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

We engage in a limited amount of hedging in connection with the import of raw materials. We take forward exchange coverage in respect of part of imports through letters of credit. At present, we partly hedge our foreign currency exposure. If, in the future, foreign exchange rates are contrary to our expectations, we could incur losses independent of the relative strength of our business, which could affect our business, results of operations and financial condition.

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

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

For example, in September 2021, our Company, through external media reports, became aware of an FIR registered by the Criminal Investigation Department, Government of Andhra Pradesh ("**CID**") dated September 9, 2021, against some other companies, our Company, our directors (at the time of bidding for the tender) including our individual Promoter, for certain allegations raised in a complaint filed by the Managing Director, AP State FiberNet Limited in relation to a tender floated in the year 2015. Pursuant to the media reports, our Company reached out to the CID representatives and a statement by the authorized signatory of our Company has been sent to CID on October 29, 2021 and November 1, 2021 clarifying that the Company and its directors had no role in the tender process of Infrastructure Corporation of Andhra Pradesh Limited (now renamed as AP State FiberNet Limited) and our Company was not a party to the agreement entered into with Infrastructure Corporation of Andhra Pradesh Limited. Further, a statement of HFCL's witness was also recorded under Section 164 of the Code of Criminal Procedure, 1973 before the Additional Metropolitan Magistrate, Vijaywada on July 30, 2022. Subsequent queries from CID were also replied on February 7, 2023. Thereafter, our Company has not received any communication from CID in the matter. However, any negative publicity in traditional or social media may adversely affect our reputation.

28. Our Statutory auditors provided an emphasis of matter included in its report with respect to our financial statements for Fiscal2021. Further, the audit reports on our financial statements contain adverse reporting under the Companies (Auditor's Report) Order, 2016 and Companies (Auditor's Report) Order, 2020.

There are no reservations, qualifications, matters of emphasis or adverse remarks in the reports of our statutory auditors' in the last five years and the six months ended September 30, 2025, except for the emphasis of matter reported for the year ended March 31, 2021. However, there are certain observations in the clauses reported under the Companies (Auditor's Report) Order (CARO), 2020, issued by the respective auditors of the Company and its Subsidiaries, which are detailed below:

"As at and for the year ended 31 March 2025

I. HFCL Limited

Clause (i) (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 (Rs. in crores)*	*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 05, 2022*	*Subject to fulfilment of stipulated conditions*

Clause (iii) (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 Entity	*Aggregate amount of existing loans extended (Rs 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%*

Clause (vii) (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:

(Rs. in Crore)

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 Rs. 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)	-

II. HTL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of all immovable properties disclosed in the financial statements are held in the name of the Company except the following:

Description of Property	Gross Carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period held– indicate range, where appropriate	Reason for not being held in name of the company
30.99 acres of Assigned land at Guindy Industrial Area, Chennai	Re. 1	Government of Tamilnadu	No	52 Years	Pattas and Encumbrance Certificate are available in the name of Company and the process of getting clear title is in process. The Assigned land is subject to dispute pending at Madras High Court. Refer Note 44 to the Financial Statement.

Clause (vii) (b)

According to the information and explanations given to us and as certified by the management, dues outstanding of income-tax on account of any dispute is as follows:

(Rs.in Crore)

Name of the statute	Nature of dues	Gross Demand	Paid under Appeal	Period to which the amount relates	Forum where dispute is pending
The CGST Act 2017	*Goods & Service Tax*	*3.32*	*0.33*	*July 2017 to March 2018*	*Commissioner Central Tax, Appeals -II, GST*

III. Polixel Security Systems Pvt Limited

Clause (vii) (b)

According to the information and explanation given to us and records examined by us, statutory dues as referred to above, which have not been deposited on account of any dispute, are as under:

Name of the statute	Nature of dues	Amount involved (Rs. in Cr.)	Amount Deposited (Rs. in Cr.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	*Disallowance u/s 68 and interest*	*0.19*	*0.04*	*AY 2016-17*	*ITAT, New Delhi*
Goods and Service Tax Act, 2017	*Disallowance u/s 73 and interest*	*1.05*	*0.05*	*AY 2018-19*	*Deputy Commissioner of State Tax, Bihar*

IV. DragonWave HFCL India Private Limited

Clause (iii) (e)

In our opinion and according to the information and explanations given to us, Loan granted by the Company which has fallen due during the year amounting to Rs 4.00 crore has been extended or renewed by entering fresh agreements.

A. As at and for the year ended 31 March 2024

I. HFCL Limited

Clause (i) (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 (Rs. in crores)	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 05, 2022*	*Subject to fulfilment of stipulated conditions*

Clause (iii) (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 except in one of the case referred in note 48 of the standalone financial statement, where schedule of repayment has not been stipulated.

Clause (iii) (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 (Rs in Crore)	Percentage of the aggregate to the total loans granted during the year
Raddef Private Limited	2.00	9.23%

Clause (vii) (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, 2024 on account of disputes are as under:

(Rs. in Crore)

Name of the statute	Nature of Dues	Amount	Period to which the demand Relates	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
Mumbai Value Added Tax, 2002	Sales Tax	3.70	2014-15	Joint Commissioner of Sales Tax (Appeal), Mumbai	-
Delhi Value Added Tax Act, 2004	Sales Tax	0.12	2015-16	Asst. VATO, Department of Trade & Taxes, New Delhi	-
Custom Tariff Act	Custom Duty	1.98	2001-02 & 2003-04	Supreme Court, New Delhi	Liability of Rs. 1.98 Crore already paid by Company under protest
Mumbai Value Added Tax, 2002	Sales Tax	0.98	2013-14	Joint Commissioner of Sales Tax (Appeal), Mumbai	0.24
Central Excise Tariff Act, 1985	Excise Duty	0.82	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to Rs. 0.47 Cr.
Finance Act, 1994	Service Tax	8.87	2017-18	Asst. Commissioner (Circle-11), Audit-II, New Delhi	1.00

II. HTL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of all immovable properties disclosed in the financial statements are held in the name of the Company except the following:

Description of Property	Gross Carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period held– indicate range, where appropriate	Reason for not being held in name of the company
30.99 acres of Assigned land at Guindy Industrial Area, Chennai	Re. 1	Government of Tamilnadu	No	52 Years	Pattas and Encumbrance Certificate are available in the name of Company and the process of getting clear title is in process. The Assigned land is subject to dispute pending at Madras High Court. Refer Note 44 to the Financial Statement.

Clause (vii) (b)

According to the information and explanations given to us and as certified by the management, dues outstanding of income-tax on account of any dispute is as follows:

(Rs. in Crore)

Name of the statute	Nature of dues	Gross Demand	Paid under Appeal	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act 1961	Income Tax	47.31	-	AY 2014-15	CIT (A)
The CGST Act 2017	Goods & Service Tax	3.32	0.33	July 2017 to March 2018	Commissioner Central Tax, Appeals -II, GST

III. Polixel Security Systems Private limited

Clause (vii) (b)

According to the information and explanation given to us and records examined by us, statutory dues as referred to above, which have not been deposited on account of any dispute, are as under:

(Rs. in Crore)

Name of the statute	Nature of dues	Amount involved	Amount Deposited	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance u/s 68 and interest	0.19	0.04	AY 2016-17	ITAT, New Delhi
Goods and Service Tax Act, 2017	Disallowance u/s 73 and interest	1.05	0.05	AY 2018-19	Deputy Commissioner of State Tax, Bihar

IV. Dragonwave HFCL India Private Limited

Clause (iii) (e)

Name of the Parties	Aggregate amount of loan extended (Rs in Cr.)	Percentage of the aggregate to the total loan or advances in the nature of loans granted during the year
Infotel Business Solution Limited	4.00	Not applicable as no loan or advances granted during the year.

B. As at and for the year ended 31 March 2023

I. HFCL Limited

Clause (i) (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 (Rs. in crores)	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 23rd September,1994	Property is under dispute for titleship
Freehold land at Jaipur	1.64	Erstwhile amalgamated Company	No	Since 05th January, 2011	Subject to Mutation of properties
Freehold Land at Telangana	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	Since 5th September, 2022	Subject to fulfilment of stipulated conditions

Clause (iii) (c)

In respect 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 are generally been regular as per stipulation, except delay in the following cases:

Name of the Entity	Gross amount (in crores)	Due date	Extent of delay
Raddef Private Limited	0.66 (interest)	March 10, 2023	22 days
Satvik securities Private Limited	0.45 (interest)	January 7, 2023	84 days
ESHAN Financial Services Private Limited	0.45 (interest)	December 24, 2022	98 days
Fair deal Enterprises	0.20 (interest)	October 16, 2022	167 days

Clause (vii) (a)

In our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Duty of Custom, Value added tax, Cess other statutory dues applicable to it with the appropriate authorities except delay in depositing of Goods and Services Tax (GST) and Income Tax.

Clause (vii) (b)

(Rs, in crore)

Name of the statute	Nature of Dues	Amount in	Period to which the demand Relates	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
Mumbai Value Added Tax, 2002	Sales Tax	3.70	2014-15	Joint Commissioner of Sales Tax (Appeal), Mumbai	-
Delhi Value Added Tax Act, 2004	Sales Tax	0.12	2015-16	Asst. VATO, Department of Trade & Taxes, New Delhi	-
Custom Tariff Act	Custom Duty	1.98	2001-02 & 2003-04	Supreme Court, New Delhi	Liability of Rs. 1.98 Crore already paid by Company under protest
Mumbai Value Added Tax, 2002	Sales Tax	0.98	2013-14	Joint Commissioner of Sales Tax (Appeal), Mumbai	0.24
Central Excise Tariff Act, 1985	Excise Duty	0.82	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to Rs. 0.47 Cr.
Finance Act, 1994	Service Tax	8.87	2017-18	Asst. Commissioner (Circle-11), Audit-II, New Delhi	1.00 Cr paid
GST	Goods & Service Tax	0.20	2019-20	Assistant Commissioner of State Tax Raipur – 4	-
Central Excise Tariff Act, 1985	Excise Duty	0.37	2014-15	High court, Shimla	The matter has been decided in the favour of the Company but the department has preferred appeals at higher level

Clause (xi) (a)

We have been informed by the management that a commercial fraud amounting to INR 4.78 crores has been done on the Company by a foreign customer to whom export of the optical fiber cables were made. A complaint has been filed by the Company with Economic Office Wing, Delhi Police. Full provision has been made against such receivables appearing under "Disputed- Credit Impaired Trade Receivables", except above no other fraud by the Company and no other material fraud on the Company has been noticed or reported during the year.

II. HTL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of all immovable properties disclosed in the financial statements are held in the name of the Company except the following:

Description of Property	Gross Carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period held– indicate range, where appropriate	Reason for not being held in name of the company
30.99 acres of Assigned land at Guindy Industrial Area, Chennai	Re. 1	Government of Tamilnadu	No	52 Years	Pattas and Encumbrance Certificate are available in the name of Company and the process of getting clear title is in process. The Assigned land is subject to dispute pending at Madras High Court. Refer Note 44 to the Financial Statement.

Clause (vii) (b)

According to the information and explanations given to us and as certified by the management, dues outstanding of income-tax on account of any dispute is as follows:

(Rs. in Crore)

Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act 1961	Income Tax	47.31	AY 2014-15	Pending with CIT (A)

Clause (ix) (a)

According to our audit procedures and the information and explanation given to us, the company has not re-paid the loans and interest due thereon to Government of India (GOI). The period and outstanding amount as on balance sheet date i.e. 31st March, 2023 are as follows:

(Rs. in Crore)

Nature of borrowing	Name of lender	Amount not paid on due date (Amount. in Lacs)	Whether principal or interest	Delay or unpaid since	Remarks
Loans	GOI	4.73	Principal	More than 8 year	As referred in Note 46 of the Financial Statement, loan & interest due thereon are subject to reconciliations and interest reduction proposal with DoT.
		15.24	Interest	More than 8 year	
		3.53		6-8 Year	
		1.50		3-6 Year	
		0.85		2-3 Year	
		1.18		1-2 Year	
		1.18		0-1 Year	
		28.20			

III. HFCL Advance Systems Private Limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 0.01 crore in the financial year ended 31st March, 2023. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.01 crore.

IV. Polixel Security Systems Private limited

Clause (vii) (b)

According to the information and explanation given to us and records examined by us, statutory dues as referred to above, which have not been deposited on account of any dispute, are as under:

Name of the statute	Nature of dues	Amount involved (₹ ib Cr.)	Amount Deposited (₹ in Cr.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance u/s 68 and interest	0.19	0.04	AY 2016-17	ITAT, New Delhi

Clause (xvii)

The company has incurred cash losses amounting to Rs 1.34 crore in the financial year ended 31st March, 2023. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 2.18 crore/-

V. Raddef Private Limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 1.09 crore in the financial year ended 31st March, 2023. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.36 crore.

VI. Dragonwave HFCL India Private Limited

Clause (iii) (e)

Loan 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 loan extended (Rs in Crore)*	*Percentage of the aggregate to the total loan or advances in the nature of loans granted during the year*
Parmesh Finlease Limited	*2.50*	*Not applicable as no loan or advances granted during the year.*
Infotel Business Solution Limited	*4.00*	

VII. HFCL Technologies Private Limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 0.01 crore in the financial year ended 31st March, 2023. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.30 crore.

VIII. Bigcat Wirelss Private Limited

Clause (xvii)

The Company has incurred cash losses during the financial year covered by my audit but also during the immediately preceding financial year.

C. As at and for the year ended 31 March 2022

I. HFCL Limited

Clause (i) (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 (Rs. in crores)*	*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 23rd September,1994*	*Property is under dispute for titleship*
Freehold land at Jaipur	*1.64*	*Erstwhile amalgamated Company*	*No*	*Since 05th January, 2011*	*Subject to Mutation of properties*

Clause (iii) (c)

In respect 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 are generally been regular as per stipulation, except delay in the following cases:

Name of the Entity	*Gross amount (in crores)*	*Due date*	*Extent of delay*
Raddef Private Limited	*0.50 (interest)*	*March 12, 2022*	*20 days*

Clause (vii) (a)

In our opinion, the Company has generally been regular in depositing undisputed statutory dues ***including*** *Provident Fund, Employees' State Insurance, Duty of Custom, Value added tax, Cess other statutory dues applicable to it with the appropriate authorities except delay in depositing of Goods and Services Tax (GST) and Income Tax.*

Clause (vii) (b)

Details of statutory dues including Sales Tax, Value Added Tax, Income Tax, Excise Duty, Custom Duty and Service Tax which have not been deposited as on March 31, 2022 on account of disputes are as under:

Name of the statute	*Nature of Dues*	*Amount in*	*Period to which the demand Relates*	*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*
Mumbai Value Added Tax, 2002	*Sales Tax*	*3.70*	*2014-15*	*Joint Commissioner of Sales Tax (Appeal), Mumbai*	-
Delhi Value Added Tax Act, 2004	*Sales Tax*	*0.12*	*2015-16*	*Asst. VATO, Department of Trade & Taxes, New Delhi*	-
Custom Tariff Act	*Custom Duty*	*1.98*	*2001-02 & 2003-04*	*Supreme Court, New Delhi*	*Liability of Rs. 1.98 Crore already paid by Company under protest*
Mumbai Value Added Tax, 2002	*Sales Tax*	*0.98*	*2013-14*	*Joint Commissioner of Sales Tax (Appeal), Mumbai*	*0.24*
Central Excise Tariff Act, 1985	*Excise Duty*	*0.82*	*2005-06*	*Central, Excise and Service Tax Appellate Tribunal, Mumbai*	*Provision already made amounting to Rs. 0.47 Cr.*
Finance Act, 1994	*Service Tax*	*3.87*	*2017-18*	*Asst. Commissioner (Circle-11), Audit-II, New Delhi*	*1.00 Cr paid*
Central Excise Tariff Act, 1985	*Excise Duty*	*0.37*	*2014-15*	*High court, Shimla*	*The matter has been decided in the favour of the Company but the department has preferred appeals at higher level*

II. HTL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of all immovable properties disclosed in the financial statements are held in the name of the Company except the following:

Description of Property	*Gross Carrying Value*	*Held in name of*	*Whether promoter, director or their relative or employee*	*Period held– indicate range, where appropriate*	*Reason for not being held in name of the company*
30.99 acres of Assigned land at Guindy Industrial Area, Chennai	*Re. 1*	*Government of Tamilnadu*	*No*	*51 Years*	*Pattas and Encumbrance Certificate are available in the name of Company and the process of getting clear title is in process. The Assigned land is subject to dispute pending at Madras High Court. Refer Note 44 to the Financial Statement.*

Clause (ix) (a)

According to our audit procedures and the information and explanation given to us, the company has not defaulted in the repayment of loans or borrowings or in payment of interest to any lender except the non-repayment of the loans and interest due thereon to Government of India (GOI). The period and amount of such default as on balance sheet date i.e. 31st March, 2022 are as follows:

(Rs. in Crore)

Nature of borrowing	***Name of lender***	***Amount not paid on due date***	***Whether principal or interest***	***Delay or unpaid since***	***Remarks***
Loans	*GOI*	*6.24*	*Principal*	*More than 8 year*	*As referred in Note 46 of the Financial Statement, loan & interest due thereon are subject to reconciliations and interest reduction proposal with Department of Telecommunications (DoT).*
		17.68	*Interest*	*More than 8 year*	
		3.00		*6-8 Year*	
		3.53		*3-6 Year*	
		1.50		*2-3 Year*	
		0.85		*1-2 Year*	
		1.18		*0-1 Year*	
Total		***33.98***			

Clause (xx) (b)

In respect of ongoing projects, the company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act, except in respect of the following:

Financial Year	***Amount unspent on Corporate Social Responsibility activities for "Ongoing Projects" (Rs. in Cr.)***	***Amount Transferred to Special Account within 30 days from the end of the Financial Year***	***Amount Transferred after the due date (specify the date of transfer)***
2020-21	*0.65*	-	*04/05/2021*

III. HFCL Advance Systems Private Limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 0.01 crore in the financial year ended 31st March, 2022. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.01 crore

IV. Polixel Security Systems Private limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 2.18 crore in the financial year ended 31st March, 2022. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.52 crore.

V. Raddef Private Limited

Clause (xvii)

The company has incurred cash losses amounting to Rs 0.36 crore in the financial year ended 31st March, 2022. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 0.61 crore.

VI. Dragonwave HFCL India Private Limited

Clause (xvii)

The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year the company has incurred cash losses of Rs. 0.57 crore.

VII. HFCL Technologies Private Limited

Clause (xvii)

The company was incorporated on 26th June 2021. The company has incurred cash losses amounting to Rs 0. 30 crore in the financial year ended 31st March, 2022.

VIII. Bigcat Wirelss Private Limited

Clause (xvii)

The Company has incurred cash losses during the financial year covered by my audit but not during the immediately preceding financial year.

D. As at and for the year ended 31 March 2021

I. HFCL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of immovable properties, are held in the name of the Company except the following:

Description of property	Gross carrying value (Rs. in crores)	WDV of Assets (Rs. in crores)	Remark
Leasehold land at Solan	0.28	0.20	Refer Note No.3 to Balance Sheet

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, duty of custom, value added tax, cess have generally been regularly deposited with the appropriate authorities except delay in depositing of Goods and Services Tax (GST) and Income Tax.

Clause (vii) (b)

According to the records of the Company, the dues of Sales Tax/ VAT, Income Tax, Excise Duty, Custom Duty and Service Tax which has not been deposited on account of disputes and the forum where the dispute is pending, are as under:

Name of the statute	Nature of Dues	Amount in	Period to which the demand Relates	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	Sales Tax	2.11	2009-10 & 2010-11	Addl. Commissioner, Department of Trade & Taxes, New Delhi	0.16
Custom Tariff Act	Custom Duty	1.98	2001-02 & 2003-04	Supreme Court, New Delhi	Liability of Rs. 1.98 Crore already paid by Company under protest
Central Excise Tariff Act	Excise Duty	0.82	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to Rs. 0.47 Cr.
Mumbai Value Added Tax	Sales Tax	3.70	2014-15	Joint Commissioner of Sales Tax (Appeal), Mumbai	-
Delhi Value Added Tax Act	Sales Tax	0.12	2015-16	Asst. VATO, Department of Trade & Taxes, New Delhi	Application filed for adjustment with refund due
Mumbai Value Added Tax	Sales Tax	0.98	2013-14	Joint Commissioner of Sales Tax (Appeal), Mumbai	0.24
Finance Act, 1994	Service Tax	3.87	2017-18	Asst. Commissioner (Circle-11), Audit-II, New Delhi	1.00

II. HTL Limited

Clause (i) (c)

According to the information and explanation given to us, the title deeds of immovable properties, are held in the name of the Company except the following:

Particular of Assets	Value of Assets	Remark
30.99 acres land at Guindy Industrial Area, Chennai	*Re. 1*	*Refer Note No. 39 to the Financial Statement.*

Clause (vii) (b)

According to the information and explanations given to us and as certified by the management, dues outstanding of income-tax on account of any dispute is as follows:

Name of the statute	Nature of dues	Amount in Rs. in Crore	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act 1961	*Income Tax*	*43.92*	*AY 2014-15*	*Appeal before ITAT, Delhi*

Clause (viii)

According to our audit procedures and the information and explanation given to us, the company has not paid the dues to government, the dues not paid during the year and/or as on balance sheet date i.e. 31st March, 2021 are as follows:

(Rs. in Crore)

Period of due for repayment	Principal	Interest
More than 8 years	*6.24*	*16.18*
More than 6 to 8 years	*-*	*3.00*
More than 3 to 6 years	*-*	*4.51*
Mar-19	*-*	*0.53*
Mar-20	*-*	*1.50*
Mar-21	*-*	*0.85*
Total	***6.24***	***26.57***

As referred in Note 42 of the Financial Statement, the Company proposed a right issue of equity shares funded by way of conversion of outstanding loan along with the interest due to government.

Emphasis of Matter

a. As at and for the year ended 31 March 2025

Nil

b. As at and for the year ended 31 March 2024

Nil

c. As at and for the year ended 31 March 2023

Nil

d. As at and for the year ended 31 March 2022

Nil

e. As at and for the year ended 31 March 2021

HFCL Limited

We draw attention to Note 40 of the consolidated financial statements which describes management's assessment of the impact of the COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period. Our opinion is not modified in respect of this matter."

We cannot assure you that any similar reservations, qualifications, CARO qualifications, adverse remarks, or emphasis of matters will not form part of our financial statements for future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

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

There may be legal defects and irregularities in title to the lands on which we currently own or have right to use on leasehold basis such as parcel of land at Solan, Himachal Pradesh and at Jaipur, Rajasthan. Our rights in respect of these lands may be compromised by unregistered conveyance or leasehold instruments in the property's chain of title and / or litigations on such land.. Any defects or irregularities of title may result in loss of development rights over such land. Any inability to correct any such defects or irregularities of title may have an adverse effect on our financial condition.

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

During the six months ended September 30, 2025, Fiscal 2025, Fiscal 2024 and Fiscal 2023, we incurred capital expenditure of ₹ 197.20 crore, ₹ 409.20 crore, ₹ 410.03 crore and ₹ 298.97 crore, respectively. A significant amount of our capital expenditure in these periods was aimed at increasing our manufacturing and R&D capacities. Our management adopts and implements business strategies that take into account a number of macro and micro economic considerations, including our current financial condition and expected levels of growth over the medium to long term.

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

In the future, we may require substantial capital for our business operations and planned capital expenditure to maintain and grow our existing infrastructure, purchase equipment and develop and implement new technologies in our new and existing manufacturing facilities. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your investment in our Company and could adversely impact our future Equity Share price.

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

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

For our product manufacturing, we maintain a raw material inventory of 75 to 85 days. We use our ERP software (SAP) to evaluate our inventory balances of materials based on shelf life, expected sourcing levels,

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

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

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

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

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

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

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

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

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

We have implemented various information technology ("***IT***") and/or enterprise resource planning ("***ERP***") solutions to cover key areas of our operations, procurement, dispatch and accounting. We also have various automation systems and software that automate our manufacturing and production. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. For instance, in relation to a commercial fraud committed by a foreign customer (to whom export of optical fiber cables were made), against our Company amounting to approx. ₹ 4.78 crore, our Company filed a complaint under Indian Penal Code, 1860 and Information Technology Act, 2000, with the Deputy Commissioner of Police, EOW, New Delhi, dated March 20, 2023, which was subsequently transferred by the Assistant Commissioner of Police, Economic Offences Wing, New Delhi, by way of its letter dated May 31, 2023, to the Deputy Commissioner of Police, Cyber Cell District, Special Cell, New Delhi. A significant or large-scale malfunction or interruption of one or more of our IT systems, ERP systems or manufacturing automation systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, results of operations and financial condition. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, manufacturing automation systems and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, results of operations and financial condition.

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

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

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

We procure utilities such as water, natural gas and electricity from third parties for use at our manufacturing plants. Reliance on third parties for such utilities exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. Any breakdown of our relationship with any of

our utility providers could adversely affect our operations. In case of a break- down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our business, financial condition and results of operations.

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

We export our products to over 50 countries. During the six months ended September 30, 2025, and in Fiscal 2025, Fiscal 2024 and Fiscal 2023, our revenues from exports were ₹504.33 crore, ₹496.97 crore, ₹500.64 crore and ₹817.49 crore, respectively, and our revenues from exports as a percentage of consolidated revenues from operations were 26.34%, 12.23%, 11.21%, and 17.23% respectively, during the same periods. Therefore, any developments in the global telecommunications or defence industries could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have a material adverse effect on our business, results of operations and financial condition.

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

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

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may require us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims such as a suit filed by Sterlite Technologies Limited ("**Plaintiff**") before the High Court of Delhi against our Company alleging infringement of a patent registered in the name of the Plaintiff with respect to optical fiber cable. For details see the chapter titled "*Legal Proceedings*" on page 197. If such claims are raised, those claims could: (a) adversely affect our relationships with current or future customers: (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into potentially expensive royalty or licensing agreements and (g) require us to cease certain activities. In the case of an infringement claim made by a third party, we may be required to defend such claims at our own cost and liability and may need to indemnify and hold harmless our customers. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement that we are not aware of. Any of the foregoing could adversely affect our business, results of operations and financial condition.

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

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

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

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

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

Instrument or Rating Type	Amount *(₹ in crore)*	Entity	Date	Ratings
Long Term Bank Facilities	1,256.19	HFCL	August 29, 2025	A-; Care Ratings Ltd
Short Term Bank Facilities	2,386.63	HFCL	August 29, 2025	A2+; Care Ratings Ltd
Long Term Bank Facilities	144.62	HTL	August 29, 2025	BBB+; Care Ratings Ltd
Long Term / Short Term Bank facilities	115.00	HTL	August 29, 2025	BBB+/A2; Care Ratings Ltd
Short Term Bank Facilities	150.00	HTL	August 29, 2025	A2; Care Ratings Ltd

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

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

We have entered into agreements in relation to financing arrangements with certain banks for working capital facilities and bank guarantees. As of September 30, 2025, we had total outstanding borrowings of ₹ 1,551.67 crore comprising of non-current borrowings of ₹ 445.25 crore and current borrowings of ₹ 1,106.42 crore. The agreements with respect to our borrowings contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including, among others, effecting a merger, amalgamation or scheme of arrangement, change in capital structure of our Company and entering into forward contracts, swaps, options, or other liability management contracts in respect of short term facilities.

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

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

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

As of September 30, 2025, our Company has unsecured loans amounting to ₹ 595.33 crore and may, in the future, continue to avail unsecured borrowings (such as loans from body corporates), which may be recalled at any time, with or without the existence of an event of default, on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lender to give us extensions or to refrain from exercising such recalls, which may adversely affect our business, results of operations, financial condition and cash flows.

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

Although we closely monitor our employees misconduct, including acts of bribery, corruption or fraud by employees or executives, such acts could include binding us to transactions that exceed authorized limits or present unacceptable risks, or they may hide unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our business and our reputation.

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

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

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

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

For example, the Government has notified and brought into force substantial provisions of the Code on Social Security, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; the Industrial Relations Code, 2020 and the Code on Wages, 2019 (collectively, the "**Labour Codes**") on November 21, 2025, which consolidate, subsume, amend and replace numerous existing central labour legislations. The coming into force of the Labour Codes may affect businesses including ours. However, certain specific rules and corresponding state-level notifications that are essential to determine the precise financial impact are still awaited. Our Company is in the process of evaluating the financial impact and the impact of these changes to the business and operations of our Company.

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

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

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

Our operations are subject to various risks inherent to the telecommunications industry and to the sale and maintaining inventory of products, as well as other risks such as theft, robbery, acts of terrorism and other force majeure events. We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. As of September 30, 2025, carrying value of property, plant and equipment (including CWIP) and inventories is ₹ 2,088.41 crore constituting 26.24% of total assets, of which we have an insurance coverage of 117.37% of the carrying value of such assets. Our insurance policies cover our manufacturing facilities, warehouses and offices from losses in the case of fire, special perils, burglary and theft. We have also obtained inventory insurance for our products, insurance for liabilities and losses incurred during implementation of our various projects, and directors' and officers' liability insurance. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, results of operations and financial condition could be adversely affected.

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

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

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

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

potential violations of anti-corruption laws by the relevant authorities could also have an adverse impact on our business and reputation,

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

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

50. We have had negative cash flows from operating, investing activities and financing activities, in the past and may continue to have negative cash flows in the future

We have experienced negative cash flows from operating, investing and financing activities in the recent past. The following table sets forth our cash flows for the periods indicated:

(₹ in crore)

	Six months ended September 30, 2025	**Fiscal 2025**	**Fiscal 2024**	**Fiscal 2023**
Net cash generated from/(used) operating activities	(43.60)	396.00	(44.87)	235.11
Net cash generated from/ (used) in investing activities	(79.09)	(518.39)	(448.72)	(44.09)
Net cash from/(used) in financing activities	81.60	169.59	454.01	(144.80)
Net increase/(decrease) in cash and cash equivalents	(41.09)	47.19	(39.58)	46.22

For further details, see "*Financial Statements*" on page 206. We cannot assure you that our net cash flows will be positive in the future.

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

The table below sets out our contingent liabilities (as disclosed in our Audited Consolidated Financial Statements and prepared in accordance with Ind AS) which have not been provided for as of September 30, 2025 and March 31, 2025.

(₹ in crore)

Contingent Liabilities	**As of September 30, 2025**	**As of March 31, 2025**
Unexpired Letters of Credit	228.69	180.98
Guarantees given by banks on behalf of the Group	901.13	954.47
Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt	53.92	49.85

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

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

As on the date of this Preliminary Placement Document, our Promoters and members of our Promoter Group hold 433,044,594 of our Equity Shares (which represents 30.02% of our pre-Offer Equity Share capital). For further details, see "*Capital Structure*" on page 90. Following the completion of the Offer, our Promoters, may continue to hold same number of equity shares in the Equity Share capital. This concentration of ownership could limit your ability to influence corporate matters requiring shareholders' approval. Our Promoters will have the ability to significantly influence matters requiring shareholders' approval, including the ability to appoint Directors on our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issuance of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. In addition, if our shareholders do not act together, such matters requiring shareholders' approval may be delayed or may not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to provide any business opportunities to us. If such other shareholders invest in another company in competition with us, we may lose the support provided to us by them, which could adversely affect our business, results of operations and financial condition and cash flows. We cannot assure you that our existing shareholders will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

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

We have entered into various transactions with related parties. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. For details on our related party transactions, see "*Related Party Transactions*" on page 97. We cannot assure you that such transactions, individually or in the aggregate, even if entered into at arms-length terms, will always be in the best interests of our shareholders and will not have an adverse effect on our business, results of operations and financial condition.

54. Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management Personnel have interests in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred.

Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management Personnel have interests in our Company that are in addition to reimbursement of expenses and normal remuneration payable to them. Certain Promoters, Directors, Key Managerial Personnel and Senior Management Personnel may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Promoters, Directors, and Senior Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details of such interests, see "*Board of Directors and Senior Management*" on pages 144.

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

We propose to utilise the Issue Proceeds for the purposes described in "*Objects of Issue and Use of Issue Proceeds*" on page 80. The funding requirements are based on internal management estimates and current conditions which are subject to changes due to external circumstances, costs, other financial conditions or business strategies. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may place a burden on our finance plans. Our proposed deployment of Issue Proceeds has not been appraised by any bank or financial institution or any other independent agency and is based on management estimates.

Our management will have discretion to decide how the proceeds of the issue will be utilised. We cannot assure that the current business plans and expansion projects will be implemented in their entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these funding requirements. Any such variance may be on account of one

or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our business, financial condition, results of operations and prospects. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Issue Proceeds. If we are unable to deploy the Issue Proceeds in a timely or an efficient manner, it may affect our business, results of operations and financial condition.

We have appointed the Monitoring Agency for monitoring the utilization of Issue Proceeds in accordance with Regulation 173A of the SEBI ICDR Regulations and the Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. Various risks and uncertainties, including those set forth in this section "*Risk Factors*", may limit or delay our efforts to use the Issue Proceeds to achieve profitable growth in our business.

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

Our Company has framed and implemented an employee stock option scheme (the "***ESOP Scheme***"). For further details, see "*Capital Structure – Employee Stock Option Plan*" on page 95.

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

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

The declaration and payment of dividends, if any, in the future will be recommended by our Board of Directors, as per the dividend distribution policy of the Company as approved by the Board of Directors of the Company and will also depend on a number of factors, including our earnings and profitability, cash generated from operations, capital requirements and overall financial conditions. Consequently, we may be unable to pay dividends in the near- or medium-term. In the event we do not declare dividends going forward, our reputation and the price of the Equity Shares shall be adversely affected. While our Company has declared dividend in the past, there can be no assurance that we shall, or shall be able to, declare dividends in future. For further information, see "*Dividends*" on page 98 of this Preliminary Placement Document.

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

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

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

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

inaccuracies with respect to these figures, we expect that our business, reputation, results of operations and financial condition would be adversely affected.

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

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

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

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Preliminary Placement Document based on, or derived from, the Feedback Advisory Report. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the Feedback Advisory Report before making any investment decision regarding the Issue. See "*Industry Overview*" on page 100.

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

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

For instance, the Taxation Laws (Amendment) Ordinance, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% plus surcharge and cess, effective tax rate being 24.17% subject to compliance with conditions prescribed under Section 115 BAA of Income tax Act, 1961 from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. A tax rate of 15% plus surcharge and cess has been introduced under Section 115BAB of Income tax Act 1961 for new manufacturing companies set up after October 1, 2019. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Further, the Finance Act, 2020, has, amongst others things, notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("***DDT***"), will not be payable in respect of dividends declared,

distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, financial condition, prospects and results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

Further, our Company cannot predict whether any laws or regulations impacting it will be enacted or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, results of operations and financial condition.

Risks Relating to Doing Business in India

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

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

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

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

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

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

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the GoI's policies in the future could affect our business and economic conditions in India in general. As economic liberalisation policies have been a major force in

encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect our business, financial condition and results of operations. In addition, any geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

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

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

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business.

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

Our Financial Statements for the six months ended September 30, 2025, Fiscal 2025, Fiscal 2024 and Fiscal 2023 in this Preliminary Placement Document are prepared and presented in accordance with Ind-AS. Ind-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Differences exist between Ind-AS, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Preliminary Placement Document. Accordingly, the degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is dependent on the Investor's familiarity with Ind-AS and the Companies Act. Any reliance by persons not familiar with Ind-AS on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

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

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

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

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

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

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would

harm the national economy, disrupt the transportation of goods and supplies including our products, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

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

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

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

For details in relation to enforceability of judgments obtained outside India, see "*Enforcement of Civil Liabilities*" on page 17.

Risks relating to our Equity Shares and the Issue

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

Pursuant to Regulation 178 of the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of the Equity Shares in the Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. Our Company cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in the Issue may be subject to the rules and regulations that are applicable to them, including in relation to any lock - in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

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

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

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

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

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

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

The Issue Price, which may include a discount of not more than 5% of the Floor Price in accordance with the SEBI ICDR Regulations, will be determined by our Company in consultation with the Book Running Lead Manager, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Company's profitability and performance;
- perceptions about our Company's future performance or the performance of Indian banks in general;
- the performance of our Company's competitors and the perception in the market about investments in the
  banking sector;
- adverse media reports about our Company or the Indian banking sector;
- a comparatively less active or illiquid market for the Equity Shares;
- significant developments in India's economic liberalization and deregulation policies;
- significant developments in India's fiscal regulations; and
- any other political or economic factors;

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

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

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

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

In terms of Regulation 179 (1) of the SEBI (ICDR) Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven (7) days and up to ten (10) days from the Issue Closing Date.

However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of our Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("STT") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

The Government of India has announced the union budget for the Fiscal 2026, pursuant to which the Finance Bill, 2025 was introduced in the Lok Sabha. The Finance Bill, 2025 was notified by the GoI on March 29, 2025 becoming the Finance Act, 2025, effective April 1, 2025. Further, the IT Bill proposes to amend the income tax regime and replace the IT Act. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. We cannot predict whether any tax laws or other regulations impacting it or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations could have a material adverse effect on the trading price of our Equity Shares.

78. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

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

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

repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE since May 5, 1989 and on NSE since March 9, 2011. As on the date of this Preliminary Placement Document, 144,26,72,812 Equity Shares have been issued, subscribed and paid up.

As of December 22, 2025 the closing price of the Equity Shares on BSE and NSE was ₹ 63.96 and ₹ 63.95 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for Fiscal 2025, Fiscal 2024 and Fiscal 2023.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (in ₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (in ₹ crores)**	**Average price for the year (in ₹)**
2025	161.75	20-Sep-24	35,68,808	57.05	77.63	13-Mar-25	7,19,055	5.65	114.89
2024	115.15	22-Feb-24	54,49,877	62.09	61.26	19-Apr-23	4,37,989	2.70	75.91
2023	85.55	12-Dec-22	21,23,342	18.34	53.05	20-Jun-22	16,48,406	9.07	71.00

(Source: www.bseindia.com)

Notes:

1. High, low and average prices are based on the daily closing price.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ in crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹ in crore)**	**Average price for the year (₹)**
2025	161.81	20-Sep-24	5,17,99,301	828.88	77.55	13-Mar-25	1,79,94,296	140.65	114.90
2024	115.15	22-Feb-24	7,14,53,350	814.62	61.2	19-Apr-23	27,35,199	16.86	75.91
2023	85.55	12-Dec-22	1,91,98,357	165.72	53.00	20-Jun-22	73,60,163	40.39	71.02

(Source: www.nseindia.com)

Notes:

1. High, low and average prices are based on the daily closing price.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (in ₹ crore)
November 2025	78.29	11-Nov-25	91,54,817	71.53	70.18	28-Nov-25	4,45,657	3.15	74.20	2,09,25,615	159.87
October 2025	77.73	24-Oct-25	6,51,210	5.06	73.22	08-Oct-25	2,68,468	1.99	75.65	2,39,11,451	182.29
September 2025	77.69	18-Sep-25	2,10,56,326	161.01	69.84	05-Sep-25	5,44,384	3.80	73.14	4,45,09,334	333.63
August 2025	75.25	20-Aug-25	3,74,930	2.81	69.72	28-Aug-25	6,96,162	4.94	72.91	1,39,54,262	100.41
July 2025	85.98	01-Jul-25	5,14,902.00	4.43	75.77	31-Jul-25	9,07,650	14.18	81.35	1,35,05,054	109.17
June 2025	92.01	09-Jun-25	9,08,969	8.38	79.37	19-Jun-25	9,92,912	7.98	86.64	5,08,83,448	442.59

(Source: www.bseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing price.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (in ₹ crore)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹in crore)
November 2025	78.30	11-Nov-25	3,06,06,710	236.68	70.17	28-Nov-25	1,06,37,604	75.13	74.18	21,05,91,799	1586.43
October 2025	77.74	24-Oct-25	1,35,12,704	105.07	73.22	08-Oct-25	79,74,634	58.88	75.65	27,22,68,665	2069.43
September 2025	77.64	18-Sep-25	7,51,86,359	581.54	69.84	05-Sep-25	92,46,925	64.62	73.13	41,14,00,165	3056.05
August 2025	75.27	20-Aug-25	47,14,243	35.42	69.71	28-Aug-25	1,11,71,055	79.10	72.89	15,39,26,517	1120.55
July 2025	86.01	01-Jul-25	57,33,399	49.28	75.57	31-Jul-25	1,18,44,443	89.94	81.36	17,08,28,529	1379.73
June 2025	91.99	09-Jun-25	1,31,92,220	121.62	79.37	19-Jun-25	1,21,81,342	97.99	86.69	34,81,74,430	3043.54

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing price*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(iii) The following tables set forth the market price on the Stock Exchanges as on July 28, 2025 that is, the first Working Day following the approval dated July 25, 2025, of our Board of Directors for the Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (₹in crore)**
75.54	79.00	75.48	76.39	5,89,260	4.56

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (₹in crore)**
79.29]	79.78	75.40	75.94	1,90,87,592	147.14

(Source: www.nseindia.com*)*

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

OBJECTS OF ISSUE AND USE OF ISSUE PROCEEDS

The details of the proceeds from the Issue are as set forth below ("**Issue Proceeds**").

Particulars	Amount *(₹ crore)*
Gross Proceeds	[●]
Less: Issue Expenses	[●]
Net Proceeds*	[●]

** To be determined upon the finalisation of the Issue Price*

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds towards the following objects:

(i) Funding of capital expenditure towards purchase of plant and machinery for capacity expansion of optic fibre cables by the Company or through its subsidiaries ("**OFC Expansion**");
(ii) Funding expenditure towards R&D initiatives including acquisition of technologies;
(iii) Repayment/prepayment of our long term/short term borrowings availed from banks/others;
(iv) Funding our long term working capital requirements; and
(v) General corporate purposes

(collectively, referred to hereinafter as the "**Objects**").

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

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in crores, unless otherwise stated)

S. No	Particulars	Amount to be funded from Net Proceeds
1.	Capital expenditure towards purchase of Plant and Machinery: Expansion of Optical Fibre Cable	35.00
2.	Funding expenditure towards Research and Development initiatives including acquisition of technologies	50.00
3.	Repayment/prepayment of our long term / short term borrowings availed from banks / others	105.00
4.	Funding our long term working capital requirements	260.00
5.	General corporate purposes*^	[●]
	Total Net Proceeds^	**[●]**

** The amount to be utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.*
^Subject to allotment of Equity Shares pursuant to the Issue.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in crores, unless otherwise stated)

Sr. No.	Particulars	Amount which will be financed from Net Proceeds^	Tentative timelines for utilization of Net Proceeds	
			Fiscal 2026	Fiscal 2027
1.	Capital expenditure towards purchase of Plant and Machinery: Expansion of Optical Fibre Cable	35.00	15.00	20.00
2.	Funding expenditure towards Research and Development initiatives including acquisition of technologies	50.00	15.00	35.00

Sr. No.	Particulars	Amount which will be financed from Net Proceeds^	Tentative timelines for utilization of Net Proceeds	
			Fiscal 2026	Fiscal 2027
3.	Repayment/prepayment of our long term / short term borrowings availed from banks / others	105.00	105.00	-
4.	Funding our long term working capital requirements	260.00	260.00	-
5.	General corporate purposes*^	[●]	[●]	[●]
	Total Net Proceeds	[●]	[●]	[●]

** The amount to be utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.*
^ To be determined upon finalisation of the Issue Price.

The funding requirements, deployment of funds and the intended use of Net Proceeds indicated above is based on management estimates, current circumstances of our business, our existing business plans, the prevailing market conditions and other commercial and technical factors. Given the nature of our business, we may have to revise our funding requirements and intended deployment schedule on account of a variety of factors such as our financial condition, business strategy, delay in procuring and operationalizing assets or necessary licenses and approvals, and external factors such as market conditions, competitive environment, price fluctuations and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. Depending upon such factors, we may have to reduce or extend the deployment period for the stated objects. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation which will be strictly in accordance with applicable law. Subject to applicable law, if the actual utilization towards the objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds.

In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable laws. For details, see "*Risk Factors - We have not made any alternate arrangements for meeting our capital requirements for the "Objects of Issue and Use of Issue Proceeds". Further, we have not identified any alternate source of financing the 'Objects of the Offer. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance*" on page 39.

Our Company proposes to deploy the entire Net Proceeds towards the Objects stated above. If the Net Proceeds are not utilized (in full or in part) for the Objects for the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized (in part or full) in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws. Further, our Company may also utilise any portion of or the entire Net Proceeds, towards the aforementioned Objects, ahead of the estimated schedule of deployment specified above.

Details of the Objects:

(a) Capital Expenditure towards purchase of Plant and Machinery towards expansion of Optical Fibre Cable

The Company, is in the process of expanding its Optic Fiber Cable facilities ("**OFC Expansion**"). Capital expenditure towards OFC Expansion amounting to ₹ 119.53 crore which is proposed to be partly funded out of fund raise through QIP. The break-up of the proposed capital expenditure to be incurred for this OFC Expansion, aggregating to ₹ 119.53 crore is set forth below:

Sr. No	Particulars	Estimated cost (in ₹ crore)	Amount to be utilized from the Net Proceeds (in ₹ crore)
1.	Plant and machinery	119.53	35.00
	Total	**119.53**	**35.00**

Source: The estimated cost of the OFC Expansion, has been certified by Dr Mohammad Muazzam, Chartered Engineer, by way of his certificate dated December 22, 2025.

Plant and machinery

The breakup of estimated cost of plant and machinery is as below:

S. No	Particulars	Estimated Cost (in ₹ crore)
Imported Machines & Utilities		
1	Upgrade of Multiple Fiber Ribbon Line	13.70
2	Intermittent Bonded Ribbon (IBR) Machine	70.25
3	Upgrade For Flat Ribbon Line	6.85
4	12F Flat Ribbon Line	4.73
5	24F Ribbon Bundling line	6.26
6	12F Ribbon Bunching Line	0.84
7	24F Ribbon Bunching Line	1.24
8	Loose Tube Payoff 1000MM	0.30
9	SZ Stranding Line for loose tube	1.74
10	Yarn Payoff	0.18
11	Ethernet-OTDR (C-1)	0.19
12	OTDR	0.13
13	Inline Coloring Upgrade for 16 Fibers	1.24
14	Upgrade of multiple fiber ribbon equipment	7.34
15	2600 Pay-off with Pay-off Dancer	0.20
16	2600 Take-up with Take-up Dancer	0.20
17	Ring marking upgrade	1.15
18	Plastic Ribbon Spool	0.44
Sub Total (A)[#]		***116.98***
Domestic Machines & Utilities		
1	Videojet printer	0.87
2	SS Vacuum trough	0.06
3	Zero Tension Binder	0.04
4	Electrical Panel for 2 Binder	0.02
5	Zero Tension Binder for IBR	0.07
6	Control Panel for L T Binder	0.01
7	Dell Optiplex	0.06
8	VFD Control Panel for L T Binder	0.04
9	ABS Spool	0.07
10	Surface Inspection	1.25
11	Single Face Static Unit	0.00
12	Double Face Mobile Unit	0.02
13	Single Face Mobile Unit	0.00
14	Rail	0.00
15	Erection charges	0.00
16	Bay Mechanical Mobile Compactor	0.03
Sub Total (B)		**2.55**
Grand Total (A+B)		**119.53**

**As certified by Dr Mohammad Muazzam, Chartered Engineer, pursuant to certificate dated December 22, 2025*

[#]Amounts mentioned in certain of the quotations are in Euros and US Dollar, for which conversion rate of ₹ 91.00 per US Dollar, ₹ 107.00 per Euro has been considered.

We have not entered into any definitive agreements with any vendor in relation to the aforesaid purchase of plant and machinery and there can be no assurance that the vendors engaged eventually in relation to the purchase of the plant and machinery will not increase the estimated cost due to a possible cost escalation. Accordingly, the actual costs for the purchase of plant and machinery may differ from the current estimates.

Means of Finance

Total fund requirement towards the proposed OFC expansion is ₹ 119.53 crore, as certified by Dr Mohammad Muazzam, Chartered Engineer, pursuant to certificate dated December 22, 2025. We propose to utilise ₹ 35.00 crore from the Net Proceeds towards items mentioned in the table above. The remaining ₹ 84.53 crore shall be funded through debt, which will be availed in due course and internal accruals of the Company.

The proposed capital expenditure is expected to enhance our overall capacity of Optical Fibre Cable upto 42.36 million fkm. The estimated cost of the capital expenditure will be financed by a mix of (a) debt financing facilities from various lenders, which will be availed in due course, (b) a portion of the Net Proceeds, and (c) internal accruals. We intend to complete the utilization of the Net Proceeds towards the aforesaid Capital Expenditure between December 2025 to March 2027.

(b) Research and Development Expenditure

Our Company has three R&D centres, in Gurugram, Bengaluru and Hyderabad. While our Company's Bengaluru R&D centre is primarily dedicated to the development of 5G products, whereas our Company's Hyderabad R&D centre is dedicated to the development of Optical Fibre Cable and Optical Fibre related products. As on the date of this Preliminary Placement Document, we have a dedicated in house R&D team comprising of 256 employees which includes 116 employees in the communications area, 84 employees in the 5G technologies area, 16 in the defence technologies area and 40 in the OFC & OF area.

We are having the following products in our portfolio:

Optical Fiber/Optical Fibers Cables	Telecommunications products and solutions	Defence electronic products	Passive connectivity solutions	Wire Harness Portfolio
• Optical Fiber • Armoured and Unarmoured Cable • Micro Cable • Micro Module Cable • Ribbon Cable • FTTH Cable • IBR Cable	• Point to Point Unlicensed Band backhaul radio • Indoor & outdoor Wifi 5 and 6 access points and Indoor Wifi 7 access points • Unified Cloud based network management system • Ethernet L2/L3 switches • 5G Indoor and Outdoor FWA CPE • IP/MPLS Routers •	• Thermal weapon Sights (TWS) • Thermal Imaging Core (TI Core) • Electronic fuses • High Capacity radio relay (HCRR) • Ground and Coastal Surveillance Radar	• Cable Assemblies • High Density Cabinets (FDMS) • Fiber Termination Box • Optical Splitters • Joint Closures • Aerial/ FTTH Accessories	• Aerospace and Defence Cable Assemblies • Automotive Cable Assemblies

We have relationships with renowned players and start-ups including 5G solutions. The primary focus of the Research & Development units is on development of global variants of FWA CPE and new products under Defence segment.

Our Company has been constantly investing in Research & Development to augment its product capabilities and capabilities of innovation and developing of new products. Company's expenditure on research and development during the last three financial years is tabulated below:

(in ₹ crore)

Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
Research and development expense*	177.44	233.05	177.21

**including Capital Expenditures & Recurring expenses for R&D*

The above mentioned expenses for research & development expense includes, *inter alia,* expenses on manpower, other operating expenses, expenses on purchase of design tools, certifications charges, expenses on development of prototypes, expenses on test & measuring instruments, license & software development charges, support services expenses, which are required for product development purposes

The Company is focusing on research and development so as to strengthen its product offering in key application sectors. Further the Company also invests a significant amount of resources, in expanding its capabilities to develop new products. Some of the major products under development are as follows:

- **Global variants of 5G Outdoor FWA CPE:** It is a home and enterprise solution that offers high speed 5G wireless internet at the last mile. It operates on Sub6 Ghz frequency and designed to work in NSA and SA architectures. It is a plug and play, fully automated device which has support of two Ethernet ports and managed via TR069.

- **New variants of Wi-Fi 6 and Wi-Fi 7 access points:** New variants of Wi-Fi 6 and Wi-Fi 7 access points are meant for hospitality, banking and education market segments. These access points are being designed with latest chipsets with focus on performance in dense user environments. Wi-Fi 6 **access** point carry additional PoE and pass-through ports in addition to a BLE radio intended to support IoT applications. Wi-Fi 7 access points carry some of the latest energy saving capabilities.

- **Drone Detection Radar:** It is a specialized radar system that is designed to address growing challenges associated with the proliferation of unmanned aerial vehicles (UAVs) or drones. It is used **for** monitoring of unregulated border surveillance and protection of critical infrastructure.

- **Multi Mode Hand Grenade (MMHG):** It is an advanced, next-generation product currently under development through DRDO's transferred technology. Designed with a strong focus on enhanced safety and operational versatility, the MMHG offers both Defensive and Offensive modes—**providing** high lethality with uniform fragmentation in defensive operations, and a controlled, non-fragmenting stunning effect in offensive scenarios. Its modular and lightweight architecture, combined with features such as a Safety Release Delay Mechanism, high reliability, long shelf life, and maintenance-free design, positions the MMHG as a robust solution for modern combat needs.

The Company intends to utilize a sum of ₹ 50.00 crore from the Net Proceeds towards investment in product development activities for research and development and manpower resource. The Company is also focusing on creating a culture of innovation, creating a talent pool through industry-academy collaboration, creating HFCL technology brand in external conferences and technology events. We intend to complete the utilization of the Net Proceeds towards the aforesaid Research & Development Expenditure between December 2025 to March 2027.

However, our investment in research and development is subject to multiple internal and external factors, including applicable business requirements and our ability to compete effectively and to adapt to changes in customer and user preferences, and regulatory tailwinds for this industry and technological advancements.

(c) ***Repayment / prepayment of long term borrowings / short term borrowings from banks and others***

Our Company proposes to utilise a sum of ₹ 105.00 crore towards repayment/prepayment of our long term borrowings / short term borrowings availed from banks and other parties. We intend to complete the utilization of the Net Proceeds towards the repayment of short term borrowings between December 2025 to March 2026.

Our Company proposes to utilise an estimated amount of ₹ 105.00 crore from the Net Proceeds towards repayment of certain of loans, from the list below, availed by the Company.

Sr. No	Name of the lender	Date of sanction letter	Purpose	Sanctioned amount (in ₹ crore) *	Outstanding amount as on Dec 15, 2025 (in ₹ crore) *	Amount to be utilized from the Net proceed	Interest rate (%) per annum*	Prepayment clause	Whether loan is utilized for the purpose which it was availed*
1.	CSB Bank Limited	November 4, 2025	Capex related purposes (including reimbursement of capex)	50.00	50.00	50.00	9.25%	Not applicable	Yes
2.	KLJ Resources Ltd.	April 3, 2025	Working Capital	35.00	35.00	35.00	14.00%	NA	Yes

Sr. No	Name of the lender	Date of sanction letter	Purpose	Sanctioned amount (in ₹ crore) *	Outstanding amount as on Dec 15, 2025 (in ₹ crore) *	Amount to be utilized from the Net proceed	Interest rate (%) per annum*	Prepayment clause	Whether loan is utilized for the purpose which it was availed*
3.	Blow Packaging (India) Pvt Ltd	October 30, 2025	Working Capital	20.00	20.00	20.00	13.00%	NA	Yes
Total				**105.00**	**105.00**	**105.00**			

***** *Pursuant to certificate dated December 22, 2025, issued by our Statutory Auditors, M/s Oswal Sunil & Company, Chartered Accountants and S Bhandari & Co LLP, Chartered Accountants*

Notes:

1. The above table does not include the details of loans availed by "Subsidiary" companies.

2. Outstanding balance as on December 15, 2025 is as per bank/book balances.

3. Date of Latest Renewal Letters in case of working capital loans has been considered.

4. Above loans are considered as part of "Use of Proceeds" on the basis of the resolution passed in the Fund-Raising Committee in their meeting held on December 22, 2025. The Auditors make no comment on the actual payment thereof in the future periods.

5. Interest rate is considered as per confirmation provided by respective lenders.

6. In addition to the examination carried out by our Statutory Auditors, our Company has also represented that the aforesaid loans were utilised for the purpose for which they were obtained.

(d) Funding long term working capital requirements

In view of our plans for expansion of our capacities of Optical Fiber Cable and in order to support incremental business requirements, our Company requires additional working capital for funding our long term working capital requirements. Accordingly, our Company proposes to utilise a sum of ₹ 260.00 crore towards funding of our long term working capital requirements in the ordinary course of business.

Basis of Estimation of working capital requirement

The details of Company's working capital as at March 31, 2025, March 31, 2024 and March 31, 2023 on the basis of the standalone audited financials for the financial year ended March 31, 2025, March 31, 2024 and March 31, 2023 as certified by our Statutory Auditors, M/s Oswal Sunil & Company, Chartered Accountants and S Bhandari & Co LLP, Chartered Accountants through their certificate dated December 22, 2025 are provided in the table below:

(*₹ in crore*)

Particulars	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
Current Assets			
(a) Inventories	731.17	618.95	584.45
(b) Financial Assets			
(i) Investments	1.18	5.01	12.19
(ii) Trade Receivables	1,894.23	2,127.03	1,784.35
(iii) Cash & cash equivalents	57.80	20.86	61.35
(iv) Bank balances other than (iii) above	401.84	297.41	235.06
(v) Loans	17.50	17.50	18.50
(vi) Others	602.39	166.96	524.48
(c) Current Tax Assets (net)	8.16	47.44	12.85
(d) Other current assets	1,422.61	925.62	520.22
Total Current Assets (A)	**5,136.88**	**4,226.78**	**3,753.45**
Current Liabilities (1)			
(a) Financial Liabilities			
(i) Lease Liabilities	8.97	4.89	13.61
(ii) Operational Buyers Credit	162.20	-	168.13
(iii) Trade Payables			
- total outstanding dues of micro enterprises and small enterprises	61.70	61.56	55.49
- total outstanding dues to other than micro enterprises and small enterprises	1,077.28	774.09	795.35
(iv) Other financial liabilities	428.39	422.47	330.31
(b) Current tax liabilities (Net)	0.75	0.26	2.48

Particulars	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
(c) Other current liabilities	217.09	86.18	37.12
(d) Provisions	15.16	11.86	11.91
Total Current Liabilities (B)	**1,971.54**	**1,361.31**	**1,414.40**
Net Working Capital (A-B)	**3,165.34**	**2,865.47**	**2,339.05**
Funding Pattern			
Working Capital funding from Banks	546.78	480.34	411.84
Working Capital funding out of QIP	-	75.00[(2)]	101.92[(3)]
Internal Accruals / unsecured borrowings from other than Banks	2,618.56	2,310.13	1,825.29
Total	**3,165.34**	**2,865.47**	**2,339.05**

(1) Excluding secured and unsecured short term borrowings
(2) QIP issue done by our Company in August 2023
(3) QIP issue done by our Company in December 2021
(4) Note: Pursuant to certificate dated December 22, 2025, issued by our Statutory Auditors, M/s Oswal Sunil & Company, Chartered Accountants and S Bhandari & Co LLP, Chartered Accountants

Assumptions for our estimated working capital requirements

The table below contains the details of the holding levels (days) considered:

Particulars	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
Receivable Days [(1)]	222	237	183
Inventory Days	94	74	63
Total (A)	316	311	246
Trade Payable Days	147	100	91
Total (B)	147	100	91
Net (A-B)	169	211	155

(1) Receivable Days are calculated on current and non-current receivables.
Note: Pursuant to certificate dated December 22, 2025, issued by our Statutory Auditors, M/s Oswal Sunil & Company, Chartered Accountants and S Bhandari & Co LLP, Chartered Accountants

On the basis of existing working capital requirement of our Company, our plans for expansion of our capacities of Optical Fiber and Optical Fiber Cable and incremental business requirements; our Fund Raising Committee pursuant to its resolution dated December 22, 2025 has projected working capital requirements of ₹ 3,637.10 crore for Fiscal 2026. Accordingly, our Company proposes to utilize ₹ 260.00 crore of the Net proceeds in Fiscal 2026 towards our estimated working capital requirements. The balance portion of our working capital requirement shall be met from internal accruals and working capital facilities.

(e) General corporate purposes

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ [●] crore, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with applicable laws. The general corporate purposes for which we propose to utilise Net Proceeds include meeting exigencies, including 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. In addition to the above, we may utilise the Net Proceeds towards other expenditure considered expedient and as permissible under applicable law and approved by the Board of Directors or a duly constituted committee thereof.

The Net Proceeds which are proposed to be deployed towards these purposes are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable in respect of the aforementioned.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in construction

or procuring equipment; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable laws. Further, the Board may at its discretion, utilise any unutilised portion of Net Proceeds towards general corporate purposes within permissible limits.

In case we require additional capital towards meeting the requirement of funds as stated above, we may explore a range of options including utilising internal accruals and availing additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for general corporate purposes in accordance with applicable law.

The use of proceeds indicated hereinabove is based on management estimates, current circumstances of our business and the prevailing market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency. Subject to applicable law, our management will have flexibility in deploying the Net Proceeds. We may have to revise our funding requirements and deployment from time to time on account of various factors such as financial condition, business strategy and external factors such as market conditions including the competitive environment and interest or exchange rate fluctuations, , increase in input costs of construction materials and labour costs, logistics and transport costs, incremental preoperative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation which will be strictly in accordance with applicable law. For further details, see "*Risk Factors – Our funding requirements and proposed deployment of the Issue Proceeds have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, we may have to incur additional cost to fund the "Objects of Issue and Use of Issue Proceeds" because of which our business, financial condition and results of operations may be adversely affected.*" on page 38.

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

Interim use of funds

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

Monitoring of utilisation of funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter, or such other time as may be prescribed under the SEBI Listing Regulations and uploaded on the website of our Company at www.hfcl.com.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement under (i) above shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the '*Objects of Issue and Use of Issue Proceeds*' as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the '*Objects of Issue and Use of Issue Proceeds*'

as stated above. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report.

Other Confirmations

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

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

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at September 30, 2025 which has been derived from the Interim Consolidated Financial Results and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof.

You should read this table together with the Financial Statements included in "*Financial Statements*" on page 206.

(₹ in crores)

Particulars	Pre-Issue (as at September 30, 2025) (on a consolidated basis) (refer Note 1 below)	Amount after considering the Issue (i.e. Post Issue) (on a consolidated basis) (refer Note 2 & 3 below)
Short term borrowings		
- Secured	472.70	[●]
- Unsecured	431.84	[●]
Current maturities of long term borrowing	201.88	[●]
Long term borrowings		
- Secured	363.42	[●]
- Unsecured	81.83	[●]
Total debt (A)	**1,551.67**	[●]
Equity		
Equity share capital	144.21[4]	[●]
Other equity	3,987.36	[●]
Non-Controlling interest	47.14	
Total equity (B)	**4,178.71**	**[●]**
Total capitalization (A+B)	**5,730.38**	[●]

Notes:

1. *The above statement does not include lease liability as per Ind AS 116 disclosed under financial liability in the Unaudited Consolidated Financial Results for the six months ended September 30, 2025.*
2. *Will be finalized upon determination of the Issue Price.*
3. *Without consideration of share issue expenses. The figures in this column are unaudited and derived by giving effect to the issue of [●] Equity Shares at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) through the Issue, without consideration for any other transactions or movements in such financial statement line items post September 30, 2025.*
4. *Equity share capital is net of equity shares held in HFCL Employees Trust as on September 30, 2025.*

For details in relation to the capital structure, see "*Capital Structure*" on page 90.

CAPITAL STRUCTURE

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

(in ₹, except share data)

Particulars	Aggregate nominal value[#] (in ₹)
Authorised Share Capital	
5,10,00,00,000 Equity Shares of ₹1 each	5,10,00,00,000.00
2,50,00,000 redeemable cumulative preference shares of ₹100 each [(6)]	2,50,00,00,000.00
Issued, subscribed and paid-up share capital prior to the Issue	
1,44,26,72,812 Equity Shares of ₹1 each[(1)]	1,44,26,72,812.00
Present Issue in terms of this Preliminary Placement Document[(2)]	
Up to [●] Equity Shares at a premium of ₹ [●]	[●]
Issued, subscribed and paid-up share capital after the Issue	
[●] Equity Shares of face value ₹ [●] each[(3) (4)]	[●]
Securities premium account	
Prior to the Issue[(4)]	15,05,97,14,376.00
After the Issue[(5)]	[●]

[#] *Except for securities premium account*

[(1)] Equity Shares including the shares allotted under the HFCL Plan 2017 (defined below).

[(2)] The Issue was approved by the Board of Directors in its meeting held on July 25, 2025. Subsequently, our Shareholders, through a special resolution approved the Issue on September 15, 2025 and by the Fund Raising Committee in its meeting held on December 22, 2025.

[(3)] Subject to finalisation of Allotment pursuant to the Issue.

[(4)] As on the date of this Preliminary Placement Document. [(5)] The amount has been calculated on the basis of gross proceeds from the Issue.

(6) As on the date of this Preliminary Placement Document, there are no outstanding preference shares.

Equity share capital history of our Company

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

Date of issue / allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason / Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
May 20, 1987	100	10	10.00	Cash	Initial subscription to the MoA	100	1,000
July 12, 1988	1,70,000	10	10.00	Cash	Further issue	1,70,100	17,01,000
March 25, 1989	8,30,000	10	10.00	Cash	Allotment of equity shares pursuant to initial public offer	10,00,100	1,00,01,000
September 8, 1990	17,26,750	10	10.00	Cash	Rights issue	27,26,850	2,72,68,500
October 8, 1990	73,400	10	10.00	Cash	Rights issue	28,00,250	2,80,02,500
June 16, 1993	98,00,875	10	30.00	Cash	Rights issue	1,26,01,125	12,60,11,250
March 17, 1994	18,45,000	10	72.00	Cash	Private placement	1,44,46,125	14,44,61,250
March 25, 1994	39,40,000	10	30.00	Cash	Private placement	1,83,86,125	18,38,61,250
March 25, 1994	5,50,000	10	72.00	Cash	Private placement	1,89,36,125	18,93,61,250
March 30, 1994	6,80,000	10	72.00	Cash	Private placement	1,96,16,125	19,61,61,250
March 30, 1994	11,00,000	10	30.00	Cash	Private placement	2,07,16,125	20,71,61,250
March 31, 1994	4,40,000	10	72.00	Cash	Private placement	2,11,56,125	21,15,61,250
March 31, 1994	14,45,000	10	30.00	Cash	Private placement	2,26,01,125	22,60,11,250
April 2, 1994	85,000	10	72.00	Cash	Private placement	2,26,86,125	22,68,61,250
April 8, 1994	13,75,000	10	72.00	Cash	Private placement	2,40,61,125	24,06,11,250
April 8, 1994	14,00,000	10	30.00	Cash	Private placement	2,54,61,125	25,46,11,250
April 25, 1994	16,15,000	10	30.00	Cash	Private placement	2,70,76,125	27,07,61,250

Date of issue / allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason / Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
May 3, 1994	15,25,000	10	72.00	Cash	Private placement	2,86,01,125	28,60,11,250
August 7, 1995	2,15,05,380	10	73.12	Cash	Allotment of equity shares pursuant to issue against GDRs	5,01,06,505	50,10,65,050
January 29, 1997	1,45,50,000	10	10.00	Other than cash	Allotment pursuant to the scheme of amalgamation of erstwhile Himachal Telematics Limited with our Company	6,46,56,505	64,65,65,050
March 3, 2000	70,00,000	10	1,050.00	Cash	Further issue	7,16,56,505	71,65,65,050
April 10, 2000	15,76,809	10	1,450.00	Cash	Private placement	7,32,33,314	73,23,33,140
June 24, 2000	55,88,841	10	1,450.00	Cash	Private placement	7,88,22,155	78,82,21,550
September 4, 2002	5,43,99,560	10	46.608	Cash	Pursuant to issue against GDRs	13,32,21,715	1,33,22,17,150
January 8, 2003	29,16,969	10	33.00	Cash	Conversion of FCCBs to equity shares	13,61,38,684	1,36,13,86,840
February 27, 2003	58,70,769	10	26.00	Cash	Conversion of FCCBs to equity shares	14,20,09,453	1,42,00,94,530
March 10, 2003	9,15,036	10	26.07	Cash	Conversion of FCCBs to equity shares	14,29,24,489	1,42,92,44,890
March 27, 2003	50,79,381	10	18.77	Cash	Conversion of FCCBs to equity shares	14,80,03,870	1,48,00,38,700
April 11, 2003	81,04,273	10	11.70	Cash	Conversion of FCCBs to equity shares	15,61,08,143	1,56,10,81,430
April 19, 2003	1,31,79,913	10	11.70	Cash	Conversion of FCCBs to equity shares	16,92,88,056	1,69,28,80,560
April 28, 2003	52,58,888	10	11.70	Cash	Conversion of FCCBs to equity shares	17,45,46,944	1,74,54,69,440
May 1, 2003	20,24,358	10	11.70	Cash	Conversion of FCCBs to equity shares	17,65,71,302	1,76,57,13,020
May 19, 2003	1,20,94,871	10	11.70	Cash	Conversion of FCCBs to equity shares	18,86,66,173	1,88,66,61,730
May 31, 2003	5,92,13,885	10	11.70	Cash	Conversion of FCCBs to equity shares	24,78,80,058	2,47,88,00,580
July 30, 2003	7,80,101	10	29.65	Cash	Conversion of FCCBs to equity shares	24,86,60,159	2,48,66,01,590
July 30, 2003	3,60,00,000	10	-	Cash	Conversion of loan to equity shares	28,46,60,159	2,84,66,01,590
September 20, 2003	62,59,144	10	11.70	Cash	Conversion of FCCBs to equity shares	29,09,19,303	2,90,91,93,030
September 30, 2003	78,51,282	10	11.70	Cash	Conversion of FCCBs to equity shares	29,87,70,585	2,98,77,05,850

Date of issue / allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason / Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
October 31, 2003	52,39,358	10	11.70	Cash	Conversion of FCCBs to equity shares	30,40,09,943	3,04,00,99,430
November 21, 2003	67,78,632	10	11.70	Cash	Conversion of FCCBs to equity shares	31,07,88,575	3,10,78,85,750
December 6, 2003	13,72,777	10	11.70	Cash	Conversion of FCCBs to equity shares	31,21,61,352	3,12,16,13,520
January 16, 2004	9,70,726	10	11.70	Cash	Conversion of FCCBs to equity shares	31,31,32,078	3,13,13,20,780
March 12, 2004	36,79,017	10	11.70	Cash	Conversion of FCCBs to equity shares	31,68,11,095	3,16,81,10,950
April 1, 2004	1,15,94,871	10	11.70	Cash	Conversion of FCCBs to equity shares	32,84,05,966	3,28,40,59,660
June 11, 2004	13,60,200	10	10.00	Cash	Conversion of FCCBs to equity shares	32,97,66,166	3,29,76,61,660
April 29, 2005	57,95,939	10	11.70	Cash	Conversion of FCCBs to equity shares	33,55,62,105	3,35,56,21,050
July 1, 2005	53,98,461	10	11.70	Cash	Conversion of FCCBs to equity shares	34,09,60,566	3,40,96,05,660
July 22, 2005	18,60,683	10	11.70	Cash	Conversion of FCCBs to equity shares	34,28,21,249	3,42,82,12,490
August 22, 2005	29,79,829	10	11.70	Cash	Conversion of FCCBs to equity shares	34,58,01,078	3,45,80,10,780
September 12, 2005	43,36,581	10	11.70	Cash	Conversion of FCCBs to equity shares	35,01,37,659	3,50,13,76,590
July 6, 2006	6,30,21,734	10	23.00	Cash	Conversion of FCCBs to equity shares	41,31,59,393	4,13,15,93,930
August 11, 2006	9,69,565	10	23.00	Cash	Conversion of FCCBs to equity shares	41,41,28,958	4,14,12,89,580
September 4, 2006	16,86,200	10	26.45	Cash	Conversion of FCCBs to equity shares	41,58,15,158	4,15,81,51,580
September 18, 2006	1,18,02,739	10	21.90	Cash	Conversion of OFCDs to equity shares	42,76,17,897	4,27,61,78,970
October 3, 2006	16,86,200	10	26.45	Cash	Conversion of FCCBs to equity shares	42,93,04,097	4,29,30,40,970
November 3, 2006	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,26,76,497	4,32,67,64,970
November 13, 2006	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,60,48,897	4,36,04,88,970
February 13, 2007	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,94,21,297	4,39,42,12,970

Date of issue / allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason / Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
March 2, 2007	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	44,27,93,697	4,42,79,36,970
March 26, 2010	2,00,00,000	10	10.00	Cash	Conversion of loan to equity shares	46,27,93,697	4,62,79,36,970
Pursuant to a special resolution dated November 26, 2010 and an order of the High Court of Himachal Pradesh dated January 5, 2011, approving composite scheme of arrangement and amalgamation of Sunvision Engineering Company Private Limited into our Company, the equity share capital of our Company was reduced from ₹ 4,62,79,36,970 (i.e., 46,27,93,697 equity shares of ₹10 each) to ₹ 46,27,93,697 (i.e., 46,27,93,697 Equity Shares of ₹1 each.)							
February 10, 2011	47,00,00,000	1	11.15	Other than cash	Allotment pursuant to scheme of amalgamation	93,27,93,697	93,27,93,697
February 10, 2011	5,96,01,640	1	11.74	Other than cash	Allotment pursuant to scheme of amalgamation	99,23,95,337	99,23,95,337
November 10, 2011	24,69,81,857	1	9.84	Cash	Preferential allotment to lenders under CDR	1,23,93,77,194	1,23,93,77,194
November 5, 2018	75,00,000	1	16.00	Cash	Preferential allotment upon conversion of warrants	1,24,68,77,194	1,24,68,77,194
March 29, 2019	2,75,00,000	1	16.00	Cash	Preferential allotment upon conversion of warrants	1,27,43,77,194	1,27,43,77,194
April 9, 2019	52,08,333	1	16.00	Cash	Preferential allotment upon conversion of warrants	1,27,95,85,527	1,27,95,85,527
April 29, 2019	47,91,667	1	16.00	Cash	Preferential allotment upon conversion of warrants	1,28,43,77,194	1,28,43,77,194
July 15, 2021	49,34,300	1	20.65	Cash	Pursuant to HFCL Plan 2017	1,28,93,11,494	1,28,93,11,494
December 10, 2021	8,72,72,727	1	68.75	Cash	Qualified institutions placement	1,37,65,84,221	1,37,65,84,221
June 8, 2022	11,74,100	1	20.65	Cash	Pursuant to HFCL Plan 2017	1,37,77,58,321	1,37,77,58,321
August 31, 2023	5,10,14,491	1	69.00	Cash	Qualified Institutions Placement	142,87,72,812	142,87,72,812
February 07, 2024	1,00,00,000	1	80.00	Cash	Preferential allotment upon conversion of warrants	143,87,72,812	143,87,72,812
March 22, 2024	22,00,000	1	80.00	Cash	Preferential allotment upon conversion of warrants	144,09,72,812	144,09,72,812
April 11, 2024	17,00,000	1	80.00	Cash	Preferential allotment upon conversion of warrants	144,26,72,812	144,26,72,812

In the last one year immediately preceding the date of this Preliminary Placement Document, our Company has not issued any Equity Shares for consideration other than cash or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

Pursuant to the terms and conditions of various sanction letters and financing documents pertaining to the facilities availed by our Company from time to time, certain promoters of the Company, namely Anant Nahata, NextWave Communications Private Limited and MN Ventures Private Limited have issued Non-Disposal Undertakings dated June 29, 2021, February 18, 2022, June 14, 2022, December 28, 2022, March 6, 2024 and January 15, 2025 (collectively, the "**NDUs**") in favour of the lenders of the Company i.e., Bank of Baroda, Indian Bank, IDBI Bank Limited, Punjab National Bank (including erstwhile Oriental Bank of Commerce and United Bank of India), Union Bank of India, Yes Bank Limited and State Bank of India (collectively, the "**Lenders**"), with respect to 24,15,48,750 Equity Shares ("**NDU Shares**"), being 55.78% of the total Promoter and Promoter Group shareholding and 16.74% of the total paid-up equity share capital of our Company, pursuant to which they shall hold not less than the NDU Shares in the issued and paid-up share capital of the Company and shall not, without the prior approval of the Lenders in writing, pledge or dilute or dispose-off or create any security interest or transfer the NDU Shares held by them in the Company in favour of any person(s), till the date on which all the loans of the Lenders have been irrevocably paid and unconditionally discharged in full to the satisfaction of the Lenders.

As on date of this Preliminary Placement Document, 50,00,000 Equity Shares held by one of our Promoters, MN Ventures Private Limited are pledged.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, the Allotment shall be made by our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees and the percentage of the post Issue Equity Share capital that may be held by them, see "*Proposed Allottees in the Issue*" on page 205.

Preference shares

As on the date of this Preliminary Placement Document, our Company has no outstanding preference shares.

Pre-Issue and post-Issue shareholding pattern of Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on September 30, 2025, is set forth below:

S. No.	Category	Pre-Issue (as of September 30, 2025)		Post-Issue(*)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoter and Promoter Group holding (#)					
1.	Indian				
	- Individuals	19,80,591	0.14	[●]	[●]
	- Body Corporates	43,10,64,003	29.88	[●]	[●]
	Sub-total	43,30,44,594	30.02	**[●]**	**[●]**
2.	Foreign Promoters				
	- Individuals	0	0.00		
	- Others (Body Corporates)	0	0.00	[●]	[●]
	Sub-total	0	0.00	**[●]**	**[●]**
	Sub-total (A)	**43,30,44,594**	**30.02**	**[●]**	**[●]**
B. Non-Promoter holding					
1.	Institutional Investors (Domestic)				
	- Mutual Funds	17,10,97,136	11.86	[●]	[●]
	- Alternate Investment Funds	5,86,133	0.04	[●]	[●]
	- Insurance Companies	4,75,809	0.03	[●]	[●]
	- Others (Banks/NBFCs registered with RBI/Other Financial Institutions/ State/ Central Govt.)	2,37,01,515	1.64		
2.	Institutional Investors (Foreign)	10,79,21,700	7.48	[●]	[●]
3.	Non-Institutional Investors				
	- Corporate Bodies	13,01,99,027	9.02	[●]	[●]

S. No.	Category	Pre-Issue (as of September 30, 2025)		Post-Issue(*)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
	- Directors and relatives (excluding independent Directors)	6,500	0.00	[●]	[●]
	- Key Managerial Personnel	18,39,000	0.13	[●]	[●]
	- Indian public	52,85,99,874	36.64	[●]	[●]
	- Others including Non-resident Indians (NRIs)	4,46,34,624	3.10	[●]	[●]
	Sub-total (B)	**1,00,90,61,318**	**69.94**	[●]	[●]
4.	Non-Promoter Non-Public	5,66,900	0.04		
	Sub-total (C)	**5,66,900**	**0.04**	**[●]**	**[●]**
	Grand Total (A+B+C)	**1,44,26,72,812**	**100.00**	**[●]**	**[●]**

** The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue and reflects the shareholding of all other categories as of September 30, 2025.*
Includes the shareholding of the members forming part of Promoter Group.

Employee stock option plan

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

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

Particulars	Number of employee stock options	Number of restricted stock units ("RSUs")*
Total number of stock options / RSUs	1,00,00,000	1,00,00,000
Options / RSUs granted	70,49,000	70,49,000
Options / RSUs vested	62,55,400	-
Options / RSUs exercised	56,93,300	-
Options / RSUs forfeited	10,92,500	70,49,000
Total options / RSUs outstanding	2,63,200	Nil

** The RSUs granted under the HFCL Plan 2017 are 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 has been adjusted.*

Other confirmations

(i) Our Company has not made any allotments of Equity Shares, including for consideration other than cash, in the last one year immediately preceding the date of this Preliminary Placement Document.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice for the meeting conducted through VC / OAVM facility on September 15, 2025, to the Shareholders for the approval of this Issue.

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

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

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

(vi) Except as disclosed in this section, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

(vii) Our Directors, Key Managerial Personnel and members of Senior Management do not intend to participate in the Issue. Since the Issue is only made to Eligible QIBs, our Directors, Key Managerial Personnel and members of the Senior Management are not eligible to subscribe in the Issue.

(viii) At any given time, there shall be only one denomination of the Equity Shares of our Company.

Proposed Allottees in the Issue

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

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 205.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Six month period ended September 30, 2025; (ii) Fiscal 2025; (iii) Fiscal 2024; and (iv) Fiscal 2023, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled "*Financial Statements*" on page 206.

DIVIDENDS

The declaration and payment of final dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. See *"Description of the Equity Shares*" on page 187.

Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on November 28, 2016 and last modified at the board meeting held on May 22, 2025 in terms of Regulation 43A of the SEBI Listing Regulations ("Dividend Distribution Policy").

In accordance with the Dividend Distribution Policy, the dividend pay-out shall be determined by our Board after taking into account a number of factors, including but not limited to, internal factors viz Operating cash flow of the Company, Profit earned during the year, Profit available for distribution, Earnings Per Share (EPS), Working capital requirements, Capital expenditure requirement, Business expansion and growth. Likelihood of crystallization of contingent liabilities, if any, Additional investment in subsidiaries and associates of the company, Up gradation of technology and physical infrastructure, Creation of contingency fund , Acquisition of brands and business, Cost of Borrowing, Past dividend payout ratio / trends, Turnover, Financial Ratios, Company's liquidity position and future cash flow need, Stipulation/Covenants of Loan Agreements and such other criteria as the Board may deem fit from time to time and external factors including but not limited to Economic environment, Capital markets, Global conditions, Statutory provisions and guidelines, Dividend payout ratio of competitors, Industry Growth Rate, Natural Calamities.

The following table details the dividend declared and paid or payable by our Company on the Equity Shares in respect of the Six month period ended September 30, 2025, Fiscals 2025, 2024, 2023 and April 1**,** 2025 till the date of filing of this Preliminary Placement Document:

Particulars	During the Fiscal Year 2025	During the Fiscal Year 2024	During the Fiscal Year 2023	From April 1, 2025 upto the period ended September 30, 2025	From April 1, 2025 upto date of filing the PPD
Face value per Equity Share (in Rs.)	1.00	1.00	1.00	1.00	1.00
Total Dividend (in Rs. Crores)[#]	28.85*	28.58**	24.80***	14.43****	14.43****
Dividend per share (in Rs. Per Equity Share)	0.20	0.20	0.18	0.10	0.10
Rate of dividend (%)	20%	20%	18%	10%	10%
Dividend Distribution Tax (%)	NA	NA	NA	NA	NA
No. of Equity Shares [$]	1,44,26,72,812	1,42,87,72,812	1,37,77,58,321	1,44,26,72,812	1,44,26,72,812
Dividend Distribution Tax (in Rs. Crores)	NA	NA	NA	NA	NA

including unclaimed dividend

$ including equity shares held in the HFCL Employees Trust.

** Dividend for the financial year ended March 31, 2024 declared at the Annual General Meeting ("**AGM**") held on September 30, 2024, was paid to the Shareholders on October 7,2024 and October 14, 2024.*

*** Dividend for the financial year ended March 31, 2023 declared at the AGM held on September 30, 2023, was paid to the Shareholders on October 13, 2023*

**** Dividend for the financial year ended March 31, 2022 declared at the AGM held on September 30, 2022, was paid to the Shareholders on October 10, 2022 and October 12, 2022.*

***** Dividend for the financial year ended March 31, 2025 declared at the AGM held on September 15, 2025, was paid to the Shareholders on September 23, 2025 and October 1, 2025.*

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

The Equity Shares to be issued in connection with this Issue shall qualify for dividend including interim dividend, if any, that is declared and record date thereof occurs after the Allotment. See "*Description of the Equity Shares*" on page 187. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, See "*Risk Factors – We cannot assure you that our Company will declare dividends to its shareholders in the future.*" on page 68.

For a summary of certain consequences under Indian taxation law of dividend distributions to shareholders, see "*Statement of Possible Tax Benefits*" on page 191.

INDUSTRY OVERVIEW

Executive Summary

The global economic environment is undergoing a structural shift towards more diversified supply chains, driven by rapid advancements in digital and defence technologies. India is capitalizing on policy reforms, cost savings, and the Aatmanirbhar Bharat initiative to establish itself as a key global manufacturing and export center for high-technology telecom and defence electronics.

Key Global and Domestic Growth Drivers

Sustained demand is driven by converging global technology mega-trends and strong domestic policies guarantees.

- **Global Digital Mega-Trends:** The sector is progressing from 5G to 5G Advanced and early 6G groundwork[1]. This evolution, combined with the AI revolution, is fueling unprecedented hyperscale data center expansion, with global CAPEX projected to reach **USD 6.7 trillion[1] by 2030**. Global telecom operator CAPEX is expected to grow at a 2.3% CAGR (2025–2030), reaching USD 395 billion by 2030. In contrast, technology CAPEX — driven by hyperscale cloud platforms, AI infrastructure, and digital sovereignty initiatives — is anticipated to increase much faster, at approximately 9.3% CAGR, to USD 545 billion by 2030[2].

- **Defence Modernization Imperative:** In 2024, global military spending hit a record **USD 2.72 trillion[3]**. India's focus on self-reliance requires allocating **75% of its defence capital acquisition budget** to purchasing from domestic industry[4], ensuring consistent, high-volume demand for local products manufacturers.

- **Policy Catalysts:** The Aatmanirbhar Bharat vision, supported by the Production Linked Incentive (PLI) and Design Linked Incentive (DLI) schemes[5], is actively encouraging local intellectual property development and scaling up manufacturing. The BharatNet budget has seen a **238% increase**, reaching **₹22,000 Crore**, while domestic industry incentives have risen to **₹2,006 Crore**. Additionally, Defence OFC expenditure has grown to **₹1,456 Crore[6]**. Over 145 domestic 'Make' projects are underway, including Make-I (government-funded), Make-II (industry-funded), and Make-III (ToT-driven)[7], serving as key policy drivers.

- **Export Momentum:** Defense exports have increased by a factor of 30 over the past decade, hitting a record **₹21,083 Crore** in FY 2023-24[8]. Likewise, the telecom PLI scheme has already yielded more than **₹14,963 Crore** in export sales,[9] showcasing international recognition of Indian-made telecom products.

Key Growth Verticals: Telecom Connectivity and Defence Electronics

The emerging industrial landscape is shaped by two essential, high-growth ecosystems. This setup enables the domestic industry to balance volume-based revenues from Telecom with the high-margin value and IP generation in Defense. The emphasis is on three key growth areas: Telecom, Defense, and System Integration for large-scale projects.

Telecom Connectivity (Fiber, FWA, Networking)

The Telecom Vertical focuses on providing the physical and digital infrastructure needed to support the relentless growth of global data traffic. This comprehensive portfolio spans the entire connectivity value chain:

- **Optical Fiber Cable (OFC):** A key segment that leverages capacity expansions, primarily centered on high-fiber-count Intermittently Bonded Ribbon (IBR) cables, which are becoming increasingly vital for hyperscale data center interconnectivity (DCI).

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[1] McKinsey
[2] *Dell'Oro Group 2025; Omdia*
[3] SIPRI
[4] MOD, India
[5] DLI Scheme PIB, 2025
[6] DOT, FY 2025-26 Budget
[7] PB 2025
[8] PIB
[9] PIB

- **Passive Connectivity Solutions (PCS):** Including necessary deployment hardware such as FTTx accessories, high-density distribution hardware, and pre-terminated cables Assemblies.

- **Active Networking Equipment:** This category includes high-performance switches, advanced routers (such as IP/MPLS platforms for transport networks), and Fixed Wireless Access (FWA) Customer Premises Equipment (CPE) for 5G deployments and enterprise use connectivity.

Defence Electronics (Fuzes, EW, Electro-Optics)

This Strategic Vertical is driven by the Indian government's clear mandate to indigenize and modernize critical military systems, as detailed in the Technology Perspective and Capability Roadmap (TPCR) 2025. It emphasizes complex, high-value indigenous systems.

- **Electronic Fuzes & Ammunition:** These are high-precision, mission-critical components, notably including electronic fuzes for artillery shells and multi-mode hand grenades, demanding strict quality and indigenous development.

- **Electronic Warfare (EW) & Tactical Communications:** This vital area includes Software Defined Radios (SDR) and High-Capacity Radio Relay (HCRR) systems, essential for modern, networked battlefield command, control, and information systems (C4I).

- **Electro-Optics/IR Systems:** High-tech surveillance and targeting systems, like Thermal Weapon Sights (TWS) and Ground Surveillance Radars, improve military sensing and situational awareness capabilities.

Total Addressable Market (TAM) for Telecom & Connectivity

TAM for Optical Fiber Cable, Accessories and Interconnects (FY 2032)

The global TAM for OFC and Accessories is **USD 21.5 billion** in FY 2025 and is expected to reach **USD 35.5 billion**, growing at a CAGR of **7.4%** during FY 25-32.

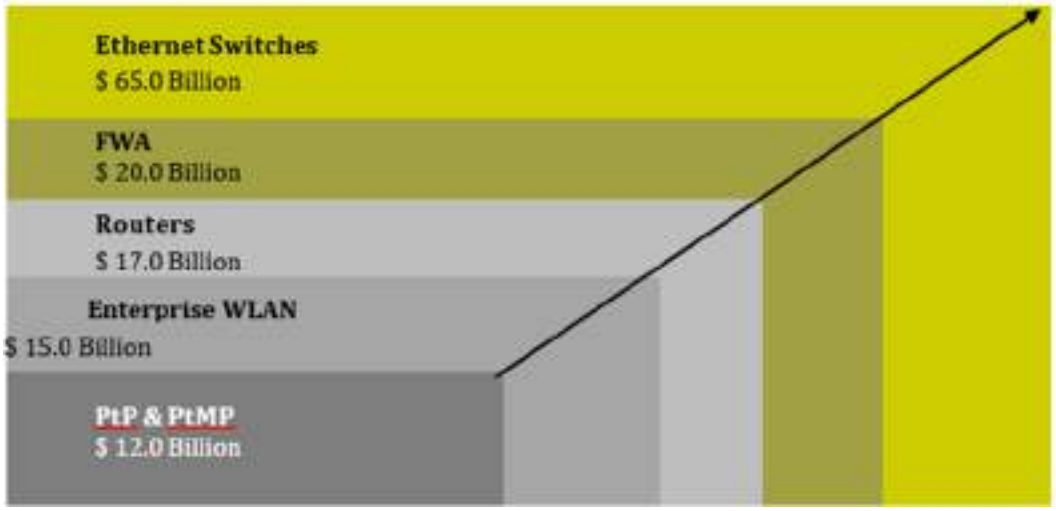
Figure 1: TAM for OV/OFC and Accessories (FY 2030)



TAM for Telecom Equipment (FY 2032)

The global TAM for telecom equipment, including Ethernet Switches, Routers, Enterprise WLAN, FWA, and PtP, PtMP, was **USD 83.7 billion** in FY 2025 and is projected to reach **USD 129.0 billion**, with a CAGR of **6.4%** during FY 2025-32.

Figure 2: TAM for Networking Equipment (FY 2032)

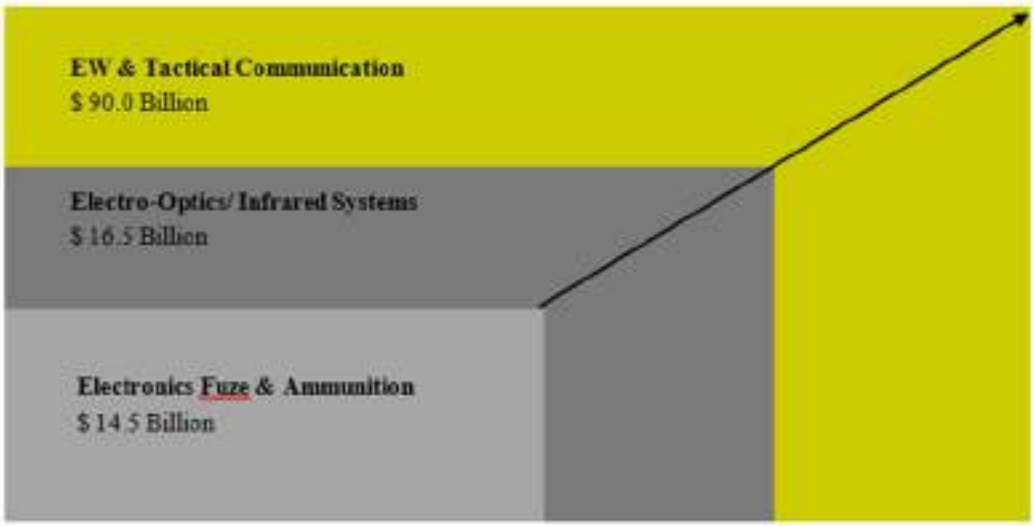


The Defence Electronics segment is expected to see especially strong growth. The EW & Tactical Communications segment is projected to grow at a **19.6% CAGR** from FY25 to FY32, highlighting how mandated domestic procurement in the defense sector leads to faster growth compared to the generally slower or more competitive commercial telecom markets. This rapid expansion is supported by the government's plan to allocate **75%[10] of its capital expenditure for domestic procurement**. Additionally, defense modernization focuses heavily on digital warfare, C4I, and EW systems, as outlined in the TPCR 2025 roadmap[10]. The government's push for local production, combined with a **9.5%** increase in the FY26 defense budget[10], reduces risk for volume demand and ensures market access for capable domestic manufacturers, promoting maximum market growth.

Total Addressable Maret (TAM) for Defence Equipment (FY 2032)

The global TAM for Defence equipment—including Electronic Fuses & Ammunition, Electronic Warfare & Tactical Communications, and Electro-optics/Infrared Systems—is **USD 83.5 billion** in FY 2025 and is projected to reach **USD 121.0 billion** by FY 32, with an annual growth rate of **9.4%** during FY 25-32.

Figure 3: TAM for Defence Equipment (FY 2032)



[10] Mckinsey

Table 1: Summary of TAM (FY 2016-32)

Products	Global TAM (USD million)					
	FY16	FY 25	FY 32	Cumulative FY 16-32	% CAGR FY 16-25	% CAGR FY 25-32
OFC Cable	6,300	11,000	18,000	1,03,038	6.4%	7.3%
Accessories, DCI and other components	5,700	10,500	17,500	99,466	7.0%	7.6%
Switches	23,780	44,700	65,000	3,89,767	7.3%	5.5%
Routers	14,440	13,440	17,000	1,07,842	-0.8%	3.4%
Enterprise Wifi	5,210	9,700	15,000	87,784	7.2%	6.4%
PtP, & PtMP	3,165	7,400	12,000	68,934	9.9%	7.2%
5G FWA		8,500	20,000	1,41,931	NA	21.9%
Electronics Fuze & Ammunition	8,500	10,700	14,500	89,441	2.6%	4.4%
EW & Tactical Communications	36,000	61,000	90,000	5,36,571	6.0%	5.7%
Electro-Optics/ Infrared Systems	9,500	11,800.0	16,500	1,00,501	2.4%	4.9%

Table 2: Summary of India TAM (FY 2016-32)

Products	Global TAM (USD million)					
	FY16	FY 25	FY 32	Cumulative FY 16-32	% CAGR FY 16-25	% CAGR FY 25-32
OFC Cable	380	875	1,700	9,114	9.7%	10.0%
Accessories, DCI and other components	195	500	1,000	4,290	11.0%	10.4%
Switches	480	860	1,600	8,719	6.7%	9.3%
Routers	283	410	650	3,767	4.2%	6.8%
Enterprise Wifi	90	205	400	2,141	9.6%	10.0%
PtP, & PtMP	-	250	550	2,816	NA	11.9%
5G FWA	-	460	1,000	5,143	NA	11.7%
Electronics Fuze & Ammunition	275	415	650	3,785	4.7%	6.6%
EW & Tactical Communications	550	2,000	7,000	30,513	15.4%	19.6%
Electro-Optics/ Infrared Systems	400	600.0	1,200	6,364	4.6%	10.4%

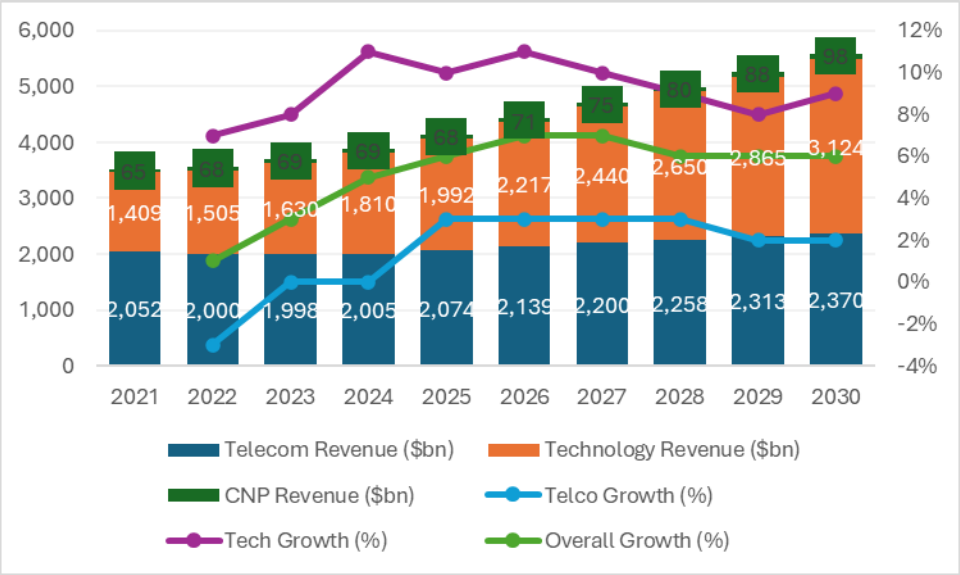
Global Telecom and Defence Landscape

Global Telecom Sector Dynamics

The Global Communication Provider (CP) ecosystem—comprising telecom operators, technology hyperscalers, and carrier-neutral infrastructure providers (CNPs)—generated approximately **USD 3.88 trillion** in CY 2024 (Omdia) and is projected to grow to **USD 5.6 trillion** by 2030, at a compound annual growth rate (CAGR) of **6.2%** from 2025 to 2030[11]. While traditional telecom services have reached a mature stage with modest growth projected at **~2.7%** CAGR, the technology sector—driven by hyperscale platforms like Amazon, Alphabet, Apple, Meta, and Microsoft—is expected to expand at a strong **~9.4% CAGR**, representing over 56% of total CP revenues by 2032 (Omdia 2025; Synergy Research) 2025).

[11] Omdia 2025

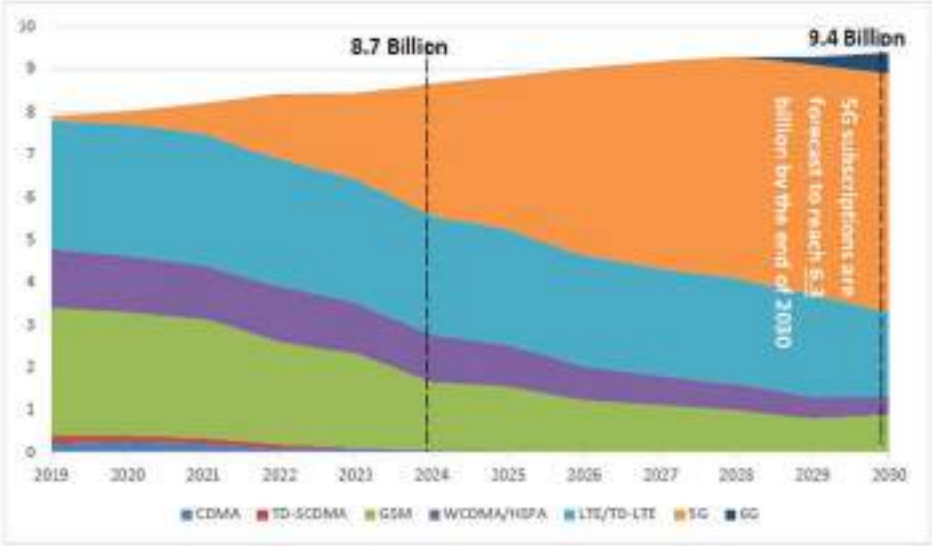
Figure 4: Global Communications Providers (CP) revenue by type (CY 2021-2030)[12]



Global Digital Transformation & Network Investment Cycle

The global telecom industry is entering a transformative decade, with 5G adoption reaching its peak and the industry moving toward 5G Advanced and the initial development of 6G. The Ericsson Mobility Report (June 2025) projects 5G subscriptions will hit **2.9 billion** by the end of 2025[13], making up about one-third of all mobile subscriptions. By 2030, these are expected to grow to **6.3 billion**. 5G Advanced (covering 3GPP Release 18 and later) will feature AI/ML-based optimization, enhanced energy efficiency, and support for immersive technologies like XR and autonomous systems. Meanwhile, early efforts toward 6G are underway, focusing on AI integration in network design and enabling terahertz communication with sub-millisecond latency.

Figure 5: Global Mobile subscriptions by technology (billion) (CY 2019-2050)[14]



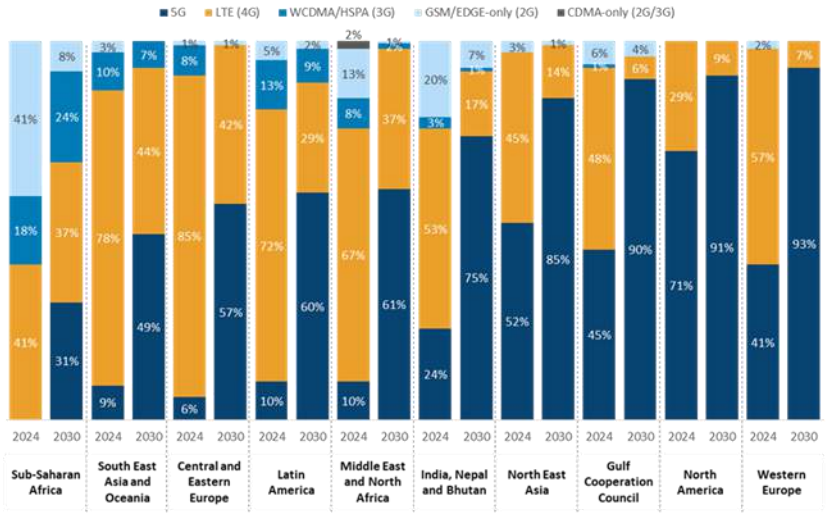
5G Standalone (SA) and Network Slicing: Differentiated Connectivity

By mid-2025, 173 operators across 70 countries were investing in public 5G Standalone (SA) networks, with 77 already commercially launched (Ericsson). Network slicing is becoming a key way to generate revenue, enabling

[12] Omdia 2025
[13] Ericsson 2025
[14] Ericsson Mobility Report 2025

operators to provide tailored service-level agreements for sectors like manufacturing, healthcare, and media. Coupled with APIs for programmable networks, SA supports differentiated connectivity and highly reliable communication services.

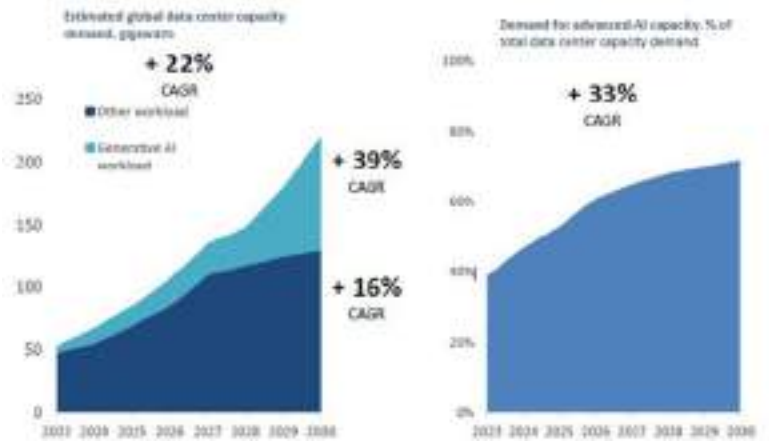
Figure 6: Global Mobile subscriptions by region and technology percent (CY 2024 vs 2050)[15]



AI, Data Center & Edge Computing Boom

AI-driven automation and expansion of data centers are transforming worldwide telecom infrastructure. McKinsey projects global data center CAPEX reaching **USD 6.7 trillion** by 2030, with more than **USD 5 trillion** allocated to AI-enhanced facilities. The Dell'Oro Group predicts a CAGR exceeding **20%** in edge computing investments as telecom providers position computing resources closer to users to enable low-latency applications. This massive investment surge is driving increased demand for optical fiber, routers, switches, and edge infrastructure, which benefits companies like HFCL that supply these components segments.

Figure 7: Global Datacenters capacity demand vs advanced-AI capacity (2023-2030)[16]



Global Telecom Infrastructure Spending Outlook (2025–2029)

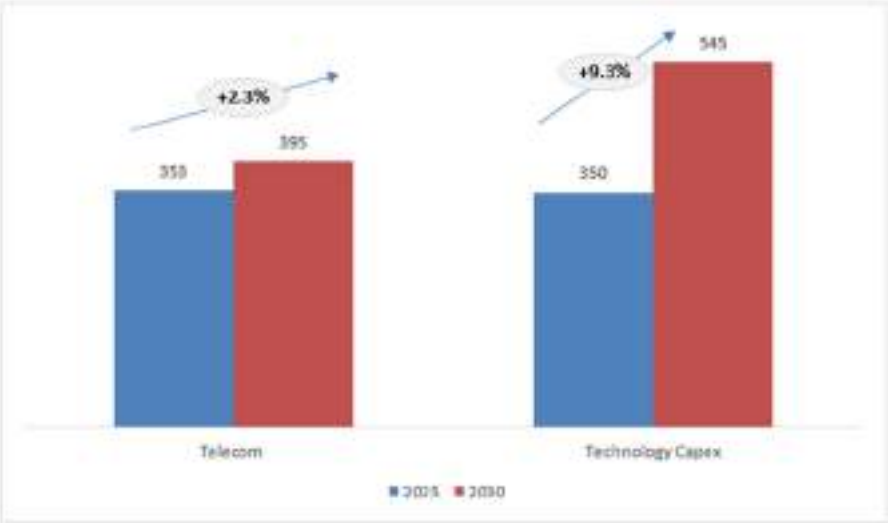
Omdia forecasts that total telecom operator CAPEX will reach about **USD 353 billion** in 2025, with moderate growth through 2029 as investments shift from expanding coverage to enhancing capacity. Wireless technologies will make up roughly **57%** of the total CAPEX, while wireline infrastructure, including fiber and fixed broadband, will account for **43%**. The regional distribution of CAPEX is led by North America (33%), followed by Asia-

[15] Ericsson Mobility Report 2025
[16] McKinsey, 2024

Pacific (31%) and Europe (23%). These trends highlight the ongoing, sustainable cycle of infrastructure development supporting global digital progress transformation.

*Global telecom operators are projected to see their CAPEX grow at a **2.3% CAGR** from 2025 to 2030, reaching **USD 395 billion** by 2030. Meanwhile, technology CAPEX—primarily driven by hyperscale cloud platforms, AI infrastructure, and digital-sovereignty efforts—is expected to increase at approximately **9.3% CAGR**, hitting **USD 545 billion** by 2030. (Sources: Dell'Oro Group 2025; Omdia Telecom Capex Tracker 2025)*

Figure 8: Telecom vs Technology Capex- USD Billion (2025 – 2030)[17]



Starting from 2028, the focus of investment is expected to move towards mobile networks as Tier-1 markets begin 6G trial deployments and spectrum preparations. Meanwhile, fixed-network CAPEX will gradually decline due to mature FTTH penetration. At the same time, investments in AI infrastructure, cloud services, and sovereign-data policies are encouraging operators to develop new data centres, GPU clusters, and specialized hardware ecosystems that integrate telecom and computing functionalities.

Global Defence Sector Dynamics

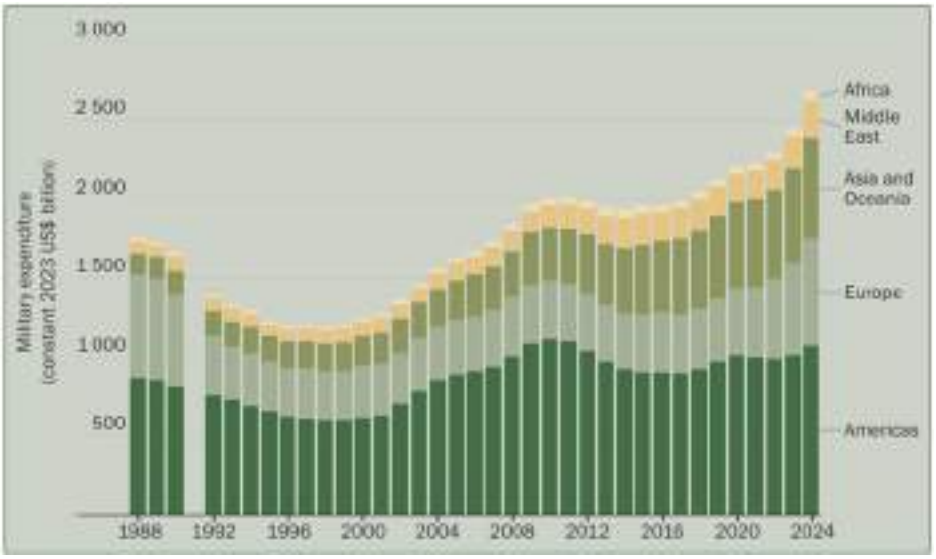
Global Defence Spending Outlook

The global defense industry is experiencing a significant increase in spending, fueled by geopolitical tensions, technological upgrades, and a focus on electronic warfare and cybersecurity. SIPRI (2025) reports that worldwide military expenditure hit **USD 2.72 trillion** in 2024, representing a **9.4% rise** compared to the previous year, the highest level ever recorded.

This financial mobilization was widespread across regions, with military spending rising in all five global areas for the second year in a row. Europe experienced a notable 17% increase, while the Middle East saw a 15% rise. These regional spikes are mainly due to the ongoing war in Ukraine, prompting significant rearmament in Europe, and the conflict in Gaza, along with broader regional instability in the Middle East.

[17] Omdia, 2025

Figure 9: World military expenditure, by region, 1988–2024[18]



The overwhelming concentration of spending remains anchored by the largest global powers. The top five military spenders collectively accounted for 60% of the world's total outlay.

Table 3: Defence CAPEX by Major Spending Countries (2024)

Country	Defence Budget (USD Billion, 2024)	% of GDP	Focus Areas
United States	916	3.4%	AI, Space, C4ISR, Cybersecurity
China	296	1.6%	Naval and Cyber Modernization
India	79	2.0%	Domestic Procurement, Defence Electronics
Russia	109	6.0%	Electronic Warfare, Missiles
UK	74	2.3%	ISR and UAV Defence
Germany	66	2.0%	Digital Command Systems

Global Increase in Defence Spend and the Role of India

The unprecedented global rise in defence spending reflects a response to a more volatile and insecure world. For India, this trend is shaped by its regional security challenges and a strong emphasis on strategic interests self-reliance.

Drivers of Global Defence Spending Increase

Several key regional conflicts and power rivalries drive the accelerated rise in global spending:

- **Europe:** The Russia-Ukraine conflict prompted a significant boost in military spending throughout Europe, as NATO member countries in the region raised their budgets to meet or exceed the alliance's target of 2% of GDP target.
- **Asia and Oceania:** Increasing geopolitical tensions, particularly related to China’s military modernization and expansion in the Indo-Pacific, are driving substantial increases in military spending by nations such as Japan and Taiwan.
- **Middle East:** Conflicts, especially the war in Gaza, caused a significant rise in military spending in the region, with Israel experiencing the largest annual increase since 1967.

The Role of India

India retained its spot as the fifth-largest military spender worldwide in 2024.

[18] SIPRI, 2025

- **Spending Profile:** India's military spending rose to **$86.1 billion**, a real-terms increase of **1.6%** compared to 2023. This expenditure mainly reflects the necessity to keep readiness levels high and upgrade military capabilities due to ongoing **border tensions with China and Pakistan**.

- **Focus on Indigenisation:** A key driver of India's current defense spending is the national mission of '**Aatmanirbhar Bharat**' (Self-Reliant India) in defense manufacturing. The government has increasingly allocated the capital acquisition budget for procurement from domestic sources. This policy aims not only to enhance military self-sufficiency but also to stimulate the local defense industrial base, positioning India as a global defense manufacturing and export hub in the long term.

- **Modernization:** A large part of the budget is allocated to **military modernization**, focusing on advanced technologies, platform upgrades, and research and development (R&D) to ensure the Indian Armed Forces stay prepared for modern warfare challenges.

The Convergence Frontier: Defence Electronics and Telecom Equipment

Defense modernization increasingly centers on networked C4I systems, integrating AI, big data analytics, and real-time communication into battlefield operations. Core technologies like Software-Defined Radios (SDRs), electronic fuzes, and advanced electro-optical systems support next-generation digital warfare. The focus is on enhancing interoperability, developing autonomous systems, and securing tactical networks. Mastering the electromagnetic spectrum with sophisticated Electronic Warfare (EW) systems and maintaining secure, resilient, high-capacity communication links are critical for credible deterrence and operational superiority in modern combat adversaries.

Telecom Equipment Providers are becoming Essential to Defence Modernization

Traditional high-capacity networking solutions developed by the advanced Telecom Equipment Market—essential for 4G/5G backhaul, fiber optics, high-speed mesh networking, and secure data transfer—form the foundation for military tactical systems. When ruggedized and enhanced with specialized cryptographic and security protocols, these commercial technologies become integral to critical defense assets.

Key drivers in this overlap are Software Defined Radios (SDRs) and High-Capacity Radio Relays (HCRRs) 5 Developed by companies specializing in advanced communications, these systems create a secure, high-speed communication network for tactical units. SDRs are vital for multi-waveform and Mobile Ad hoc Network (MANET) capabilities, supporting secure, real-time operations in complex, data-heavy battlefield scenarios[4].

To support this integration, the Defence Research and Development Organization (DRDO), in collaboration with the Services, previously introduced the Indian Radio Software Architecture (IRSA) standard 1.0. This national standard specifies a uniform software architecture for SDRs, ensuring waveform portability, interoperability, and certification[3]. This policy connects defense needs with the standardized software practices common in the commercial Telecom Equipment Market, enabling the armed forces to adopt advanced network technologies more quickly.

Indian Macro & Policy Environment

Policy as an Enabler: "Aatmanirbhar Bharat" & "Digital India"

India's national development initiatives—Digital India and Aatmanirbhar Bharat Abhiyan—serve as key policy pillars supporting growth in the telecom and defense manufacturing industries. Digital India aims to establish widespread digital infrastructure and services, whereas Aatmanirbhar Bharat focuses on fostering self-reliance and indigenous development in strategic sectors like electronics, defense, and telecommunications. This coordinated policy approach ensures that government spending not only advances national security interests but also promotes local industry development in manufacturing.

Incentivizing Manufacturing and Design

In the telecom sector, this vision has led to the **₹12,195 crore** Production Linked Incentive (PLI) scheme for telecom and networking products, along with the **₹1,000 crore** Design Linked Incentive (DLI) for semiconductor design and startups[19]. These initiatives focus on product innovation and local value addition, with up to 15% of the committed PLI investment allocated for R&D efforts. Additionally, India's Design-Led Manufacturing

[19] PIB, 2024, 2025

(DLM) program and Digital Communication Innovation Square (DCIS) support reducing risks associated with local IP development in key areas such as core networking, wireless, routers, and 5G/FWA equipment.[20]

- **PLI for Telecom:** The scheme offers an additional 1% incentive for products designed, developed, and manufactured in India, specifically encouraging manufacturers of Switches, Routers, and FWA equipment beyond basic levels assembly.[21]

- **Design Linked Incentive (DLI):** The DLI scheme plays a vital role across the entire value chain, facilitating the development of Integrated Circuits (ICs), System-on-Chips (SoCs), and IP Cores for essential applications in networking—such as surveillance cameras and energy meters—and in defence, including space and defense electronics.[22]

The Ministry of Defence (MoD) has established five Positive Indigenization Lists (PILs), banning imports of over 5,500 critical items and imposing strict timelines for domestic procurement. The Defence Acquisition Procedure (DAP 2020) prioritizes Indian vendors for procurement and requires 50–60% local content in projects under 'Buy Indian – IDDM' and 'Buy Indian' schemes. These efforts in indigenization have allowed India to develop complex systems domestically, including artillery guns, tactical communication devices, and night vision technologies.

Key Implications for Industry:

- Public procurement is increasingly aligned with domestic manufacturing priorities.

- Indian OEMs are being positioned to move up the value chain from assembly to R&D and product ownership.

- Indian-made equipment is expected to play a larger role in defence exports, telecom infra, and data networks.

Financial Momentum: Rising Budgetary Commitment in Telecom and Defence

The sustained increase in public expenditure, coupled with structural mandates, creates a predictable demand floor for Indian manufacturers across key product categories.

Defence Budget Momentum

The Union Budget for FY2025–26 has allocated ₹6.81 lakh crore (~USD 78.8 billion) to the Ministry of Defence. This represents a 9.5% increase over the previous year and 13.5% of the total government expenditure.

Table 4: Defence Budget, CAPEX and DRDO (Research) Spending, India FY 2025-26 BE (INR Crore)

Head of Expenditure	2024–25 BE (INR Crore)	2025–26 BE (INR Crore)	%age Change from 2024–25 BE
Total Defence Budget	6,21,940.85	6,81,210.27	9.53
Capital Outlay on Defence Services	1,72,000.00	1,80,000.00	4.65
DRDO	23,855.61	26,816.82	12.41

- **Capital expenditure** accounts for ₹1.80 lakh crore (~26.4%) of the defence budget.

- Of this, **75% (~₹1.35 lakh crore)** is earmarked for procurement from domestic industry, including private sector and DPSUs. This massive domestic earmark ensures guaranteed market access for manufacturers of **EW & Tactical Communications, Electro-Optics/IR Systems**, and **Electronic Fuzes & Ammunition**[23].

- DRDO budget has been increased by **12.41%** to **₹26,816 Crore** in FY 2025-26. This will help in research, technology absorption, along with technology transfer to private sector in India.

- The MoD has also reserved 25% of its R&D budget for private industry and start-ups, expanding avenues for innovation outside DRDO.

[20] DoT, DCIS Scheme; Feedback Advisory, 2025
[21] PIB, 2025
[22] ISM, DLI Scheme; PIB, 2025
[23] MOD, Feedback Advisory

- Indian defence budget is expected to reach **USD 35-40** billion by FY 2032

Telecom Investment Commitments

The Draft National Telecom Policy 2025 targets annual telecom infrastructure spending of **₹1 lakh crore (~USD 12 billion)**. The specific allocations within the Department of Telecommunications (DoT) budget for FY 2025–26 directly highlight the government's priorities, which translate into major demand drivers for equipment manufacturers, particularly for **Optical Fiber Cable (OFC)** and core networking gear (**Switches/Routers**).

Table 5: Telecom Budget, Bharatnet, Defence OFC, BSNL and Industry Incentives, FY 2025-26 BE (INR Crore)

Head of Allocation	2023-24 (₹ Crore)	Revised 2024-25 (₹ Crore)	Budget 2025-26 (₹ Crore)	% Change (YoY)
BharatNet	3,075.5	6,500.0	22,000.0	238%
Investment in BSNL (Capital Infusion)	56,785.0	72,027.7	33,757.6	-53%
Domestic Industry Incentivization Scheme	413.2	1,539.8	2,006.3	30%
Defence Spectrum (OFC Network)	1,093.4	1,316.0	1,456.3	11%

- **BharatNet (238.46% Increase to ₹ 22,000 Crore):** The enormous jump in this allocation signifies an accelerated national commitment to laying **Optical Fiber Cable (OFC)** and deploying the necessary networking equipment (routers, switches, Wi-Fi hotspots) to connect Gram Panchayats and rural areas across eight states, with four states set for rebidding in the upcoming tender, offering additional **₹ 10,000 crore** opportunity. This is the single largest demand driver for **OFC Cable** and fixed-line networking hardware[24]. BharatNet Central NOC (CNOC) project worth **₹ 800 crore** is an additional opportunity.

- **Domestic Industry Incentivization Scheme (30.29% Increase to ₹ 2,006.34 Crore):** This sustained growth funds the Production Linked Incentive (PLI) Scheme, which provides direct financial support to companies for manufacturing core transmission, 4G/5G RAN, and enterprise equipment domestically, including **Switches, Routers, and Enterprise Wi-Fi Access Systems**.

- **Investment in BSNL (-53.05% Decrease to ₹ 33,757.58 Crore):** While the budget amount for BSNL's capital infusion has decreased from the previous year's high Revised Estimates, this follows years of massive infusion (over ₹ 72,000 Crore in RE 2024-25) spent on 4G/5G technology upgradation and restructuring. The procurement from these past infusions continues to drive equipment demand, utilizing the indigenous 4G stack components (RAN/Core). Around **₹ 7,000 - 8,000 Crore** tender is floated by BSNL in FY 2026, ₹ 8,00 crore BSNL CPAN Network expansion including Routers, Enterprise Wi-Fi and other equipment. BSNL OTIN expansion is additional ₹ 5,00 crore opportunity, along with other expansion plans.

- **Investment by Railways & Defence:** A nationwide Optical Fiber Cable (OFC) ring project, including regional sub-rings, is currently under evaluation for Railways. The project is expected to require 20,000 – 30,000 km of high-quality OFC. **₹ 1,000 - ₹ 2,000 Crore** investment on optical fiber cable-based network on defence services and other public infrastructure are also offering increased opportunities for OFC and telecom equipment manufacturers.

Table 6: Private Telcos Capex focus in India

Operator	Capex Focus & Phase	Key Investment Outlook (₹ Crore)
Jio & Airtel	5G Monetization & Optimization	Capex intensity has largely peaked in FY22-FY25 due to upfront 5G rollout costs. Focus is now shifting to high-yield optimization.
Vodafone Idea (Vi)	4G Expansion & 5G Foundation	Initiated a ₹50,000–55,000 crore multi-year capex cycle for 4G expansion and phased 5G rollout after securing fresh equity funding.
BSNL	Nationwide 4G Rollout	Government approved an additional ₹6,982 crore capex in 2025 to accelerate the rollout of its 4G network using indigenous technology. BSNL has a capex plan of nearly ₹47,000 crore.

[24] Department of Telecom, Feedback Advisory

Core Mandates & Revival: Localization and Export Momentum

The government is actively enforcing localization through import restrictions in defence and local content mandates in telecom, simultaneously leveraging this indigenous capacity for global exports.

Defence: Positive Indigenization Lists (PILs) and Export Surge

The Indian defence procurement landscape is undergoing systemic transformation, ensuring predictable domestic demand for specific defence electronic segments.

- **Enforced Negative List (PILs):** Positive Indigenization Lists have been notified, covering **over 5500 items** banned from import. This directly protects the market for domestic manufacturers of **Defence Electronic** system[25]s.
- Specific items relating to the focus segments with upcoming import deadlines include **Electronic Fuzes for Artillery Ammunitions** (Dec 2024 deadline), **EW Suit for MI-17 V5** (Dec 2023 deadline), and **Light Low-Level Terrain Radar** (Dec 2024 deadline)[26]
- **EW & Tactical Communications** systems are further covered by ongoing 'Make' projects, such as the Mobile Ground based Multipurpose Jammer System (a Make-II project)[27]
- Over 5,500 items have already been indigenized by FY2025, including communication systems, radars, and surveillance equipment[28]
- 145+ domestic 'Make' projects are in progress—including Make-I (government funded), Make-II (industry funded), and Make-III (ToT driven).[29]
- Foreign Direct Investment (FDI) in defence manufacturing has been liberalized up to 74% under the automatic route (100% via approval)[30].
- Import reduction from 65% by FY28 to 30% by FY32 on the back of initiatives like Aatmanirbhar Bharat, Make in India.

Export Growth: The policy push has dramatically elevated India's global standing. Defence exports have surged 30 times in a decade, hitting a record **₹21,083 crore** in FY 2023-24. India targets ₹3 lakh crore in defence production and **₹50,000 crore in exports by 2029**[31], indicating a massive push for global market share for **Defence Electronics** and platforms.

Telecom: Preferential Market Access (PMA) and Indigenous Stack

India's telecom industry, once burdened by financial stress, is showing signs of robust revival driven by both regulatory stimulus and localization mandates, ensuring the market for domestic **Telecom Equipment** is protected and growing.

- **Preferential Market Access (PMA) Enforcement:** Public schemes like BharatNet and those funded by the Universal Service Obligation Fund (USOF) are subject to the PMA policy, which mandates stringent Minimum Local Content (MLC).
- DoT has established MLC norms for **36 identified telecom products**.
- **Class-I Local Suppliers** (goods with at least 50% local content) are prioritized.

[25] MOD, Feedback Advisory
[26] MOD, Feedback Advisory
[27] **Make in India Defence, 2022**
[28] **PIB, 2025**
[29] **PIB, 2025**
[30] Policy Note
[31] **PIB, 2025**

- For critical equipment, including **Routers, Ethernet Switches, and GPON Equipment** (relevant to **Switches, Routers, and FWA**), the MLC requirements are high, with some products mandated to have **65% MLC**.

- The PLI scheme primarily targets assembly volume (beneficiaries are generally Class-II suppliers with 20% MLC), while PMA targets **indigenous design-led manufacturing** (Class-I suppliers).[32]

- **The Bharat Telecom Stack:** India has successfully developed an indigenous, end-to-end 4G stack (Bharat Telecom Stack) through collaboration between C-DOT (Core), Tejas Networks (RAN/Wireless), and TCS (Integration). This technology is being deployed by BSNL across over 96,300 sites.[33]

The development of a supportive policy environment, especially the Production Linked Incentive (PLI) scheme and the focus on indigenous design through DLM, has advanced certain domestic companies. **HFCL** exemplifies this strategic alignment, with manufacturing lines in both telecom—such as **Optical Fiber Cables and Routers** for BharatNet—and defense—like **Electronic Fuzes, Electro-Optics, Software Defined Radios, and High-Capacity Radio Relay systems**. Additionally, **HFCL functions as a project execution entity**, creating and deploying digital networks for governments, telecom operators, and defense agencies. Its strong execution skills enable it to win tenders and handle large orders, including those for the Indian Army and BharatNet. These companies benefit directly from the Domestic Industry Incentivization Scheme (PLI), which aims to build local capacity, evident in the production of **over ₹57,000 crore** worth of equipment by July 2024, boosting India's position in manufacturing vital telecom equipment.

Export Growth: Technological success and volume growth are fostering export opportunities:

- **PLI Exports:** The PLI scheme has already generated **₹14,963 crore in export sales**[34] as of January 2025, showing increasing global acceptance of Indian-made telecom and networking products.

- **Indigenous Stack Potential:** The successful deployment of the indigenous stack transforms India into the fifth country globally to possess its own telecom stack. Companies like Jio Platforms and Tejas Networks are positioning this cost-effective, open-architecture solution to capture a share of the estimated **$121 billion global telecom equipment market**, especially in developing economies. This includes global sales potential for **Routers, Switches, and PtP/PtMP Radio** technology[35].

Telecom & Connectivity Sector (Global & India TAM)

Global OFC, and Accessories Market

The Optical Fiber Cable (OFC) market includes all fiber-optic transmission cables used for long-haul, access, metro, and enterprise connectivity applications. Key OFC product types covered under this segment are:

- **Armoured and Unarmoured Cables** – used in outdoor and duct applications, offering mechanical protection.

- **Micro Cables** and **Micro-Module Cables** – lightweight, high-fiber-count cables optimized for microduct installations.

- **Ribbon Cables** – high-density designs supporting mass fusion splicing for metro and data-center interconnects.

- **FTTH Cables** – drop cables connecting homes and enterprises in FTTx networks.

- **IBR (Indoor/Outdoor) and Tactical Cables** – ruggedized fiber for defence and mobile networks.

- **MPO/MTP Cables** – high-speed multi-fiber assemblies for datacenter and hyperscale interconnections.

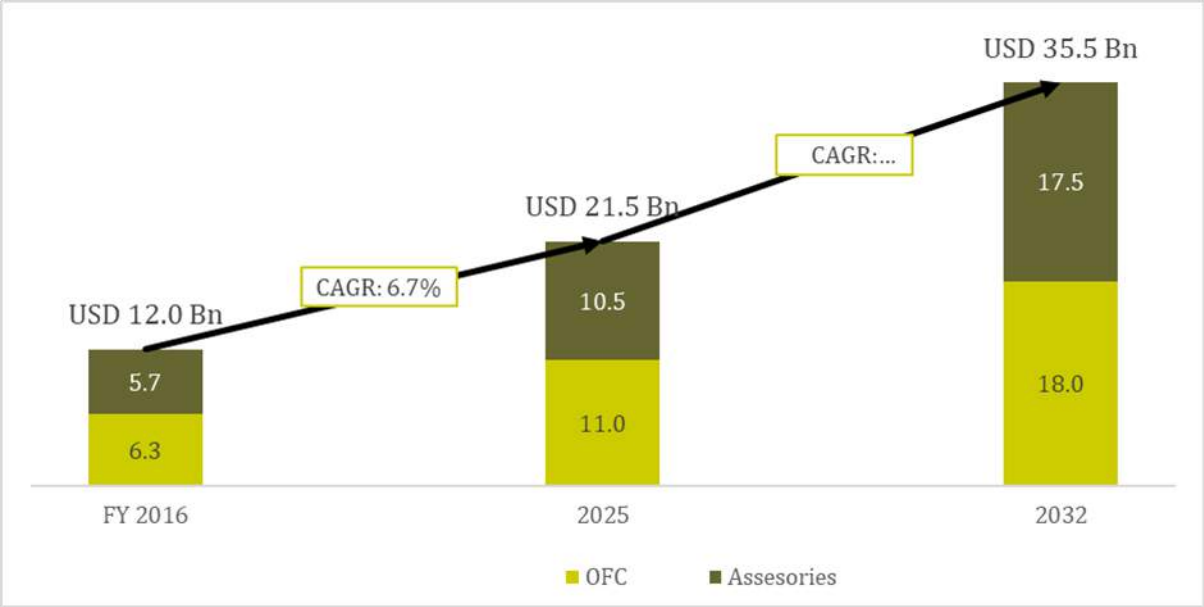
  The **Accessories** segment comprises all passive fiber management and termination solutions essential for deployment, testing, and maintenance. Typical categories include:

[32] **TRAI, 2022**
[33] BSNL
[34] **PIB, 2025**
[35] Feedback Analysis

- **Cable Assemblies & Enclosures** – patch cords, pigtails, termination boxes.
- **Joint Closures & Distribution Hardware** – high-density cabinets, PLC splitters, optical distribution frames.
- **Aerial/FTTx Accessories** – clamps, ducts, wall brackets, aerial suspension kits.
- **Data-Center Components** – MPO/MTP assemblies, LIUs, cable managers, and fiber shelves.

The global market for Optical Fiber Cable and cable assemblies/components is valued at **USD 21.5 billion** in FY 2025 and is expected to reach **USD 35.5 billion** by FY 2032, growing at a CAGR of 7.2%.

Figure 10: Global OFC, and Accessories market in USD billion



The global Optical Fiber Cable (OFC) market is valued at **USD 11.0 billion** in FY2025 and is expected to reach **USD 18.0 billion** by FY 2032, with an anticipated CAGR of 7.3% during FY 2025 - 2032[36]. The global OFC market in volume 556 million fKM in FY 2025 is expected to exceed 900 million fKM by FY 2032[37].

The global Accessories & Component market is valued at **USD 10.5 billion** in FY2025 and is expected to reach **USD 17.5 billion** by FY 2032, with an anticipated CAGR of 7.6% during FY 2025 – 2032[38].

This growth reflects the ongoing **global fiberization wave** driven by:

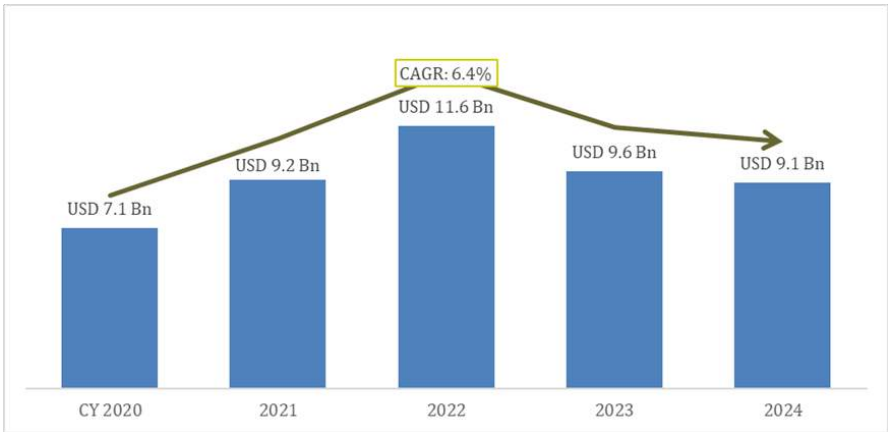
- 5G densification and FTTx rollouts, expanding to suburban and rural zones.
- AI and cloud data-center interconnects, requiring ultra-low-loss and ribbon-based fiber cables.
- Defence and critical infrastructure programs, especially in North America, Europe, India, and the Middle East.
- Submarine and cross-border cable projects (e.g., SEA-ME-WE 6, IAX/IGG) expanding intercontinental capacity.
- Emerging opportunities – Medical equipment such asendoscopy, laser delivery systems, and biomedical sensing. Automotive - Integration of ADAS is driving the need for high-speed data transmission within vehicles

[36] Source: Feedback Advisory Analysis
[37] Source: Feedback Advisory Analysis
[38] Source: Feedback Advisory Analysis

Global Trade for Optical Fiber Cables

The global trade in optical fiber cables (HS 854470) stood at **USD 9.12 billion** in 2024, moderating from a peak of **USD 11.6 billion** in 2022. Over 2020–24, imports grew at a 6.3 % CAGR, reflecting a sharp expansion during the post-pandemic digital push followed by stabilization in the last two years. The correction since 2022 primarily mirrors a phase of inventory normalization and capex moderation by telecom operators worldwide after aggressive network expansions during the 5G and FTTx rollout surge of 2020-22.

Figure 11: Global Import Data HS Code: 854470 (USD Billion)



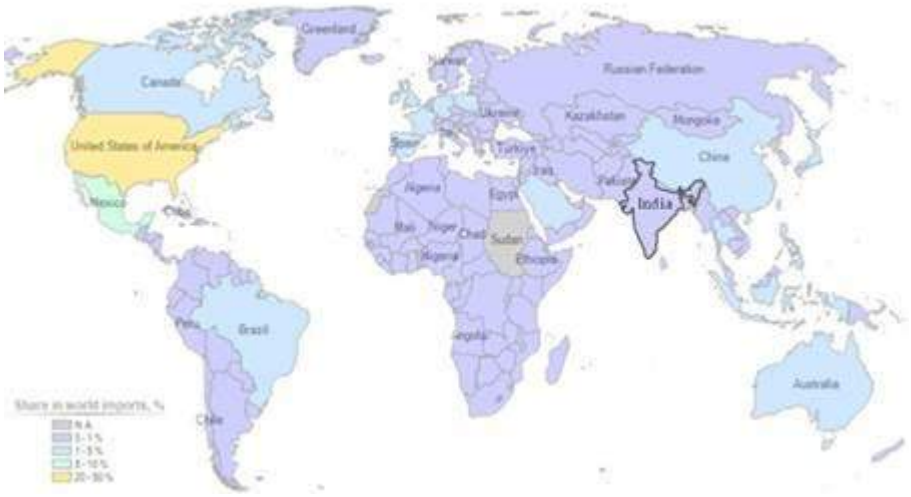
While 2022 marked record-high imports driven by supply-chain constraints, emergency stockpiling, and accelerated broadband programs, 2023–24 witnessed lower shipment values as delivery lead-times normalized, prices eased, and operators shifted focus from build-out to monetization of newly deployed fiber assets.

Table 7: Top Importing Economies (2024)

Rank	Country	2024 Imports (USD million)	Share of Global Imports
1	United States	2,537	27.8 %
2	Mexico	462	5.1 %
3	United Kingdom	451	4.9 %
4	Germany	338	3.7 %
5	France	328	3.6 %

Together these five economies account for nearly **45 % of global imports**, underscoring strong demand concentration in North America and Western Europe.

Figure 12: Global import map under the HS Code: 854470 - Optical Fiber Cables made up of individually sheathed fibers



Regional Patterns and Drivers

- **North America** remains the single largest demand hub, supported by the **US rural and middle-mile fiber programs**, enterprise connectivity, and data-Centre interconnects.
- **Western Europe** shows a plateau after extensive fiber-to-the-home (FTTH) deployment, but ongoing upgrades, alternate networks, and smart-building connectivity sustain baseline demand.
- **Asia-Pacific** (Australia, Singapore, Hong Kong, Saudi Arabia) is entering the next build phase—smart-city and hyperscale data-Centre connectivity.
- **Gulf markets** such as **Saudi Arabia, UAE, and Qatar** remain resilient, driven by large-scale smart-city and digital-infrastructure projects under Vision 2030-style programs.

Reasons for Flat/Declining Growth (2023–24)

1. **Post-surge normalization:** Telecom operators and ISPs paused fresh procurement after record 2021–22 deliveries.
2. **Price corrections:** Expanded manufacturing in Asia reduced per-kilometer realizations, softening trade values even where physical demand persisted.
3. **Macroeconomic tightening:** Rising interest rates and slower economic growth delayed new network investments.
4. **Localization trend:** Countries with growing domestic cable industries (China, India, Brazil, Turkey) substituted part of their import volumes with local production.

India's Position and Export Opportunity

The optical-connectivity industry remains dominated by a small number of diversified multinational leaders with expanding exposure to AI-driven data-center infrastructure and 5G backhaul projects. FY 2025–26 results reveal a clear divergence: Western and Japanese suppliers are growing on hyperscale and data-center demand, while Chinese and Indian players are expanding capacity amid pricing pressure and project cyclicality.

Table 8: Global OFC manufacturing players; revenue and focus

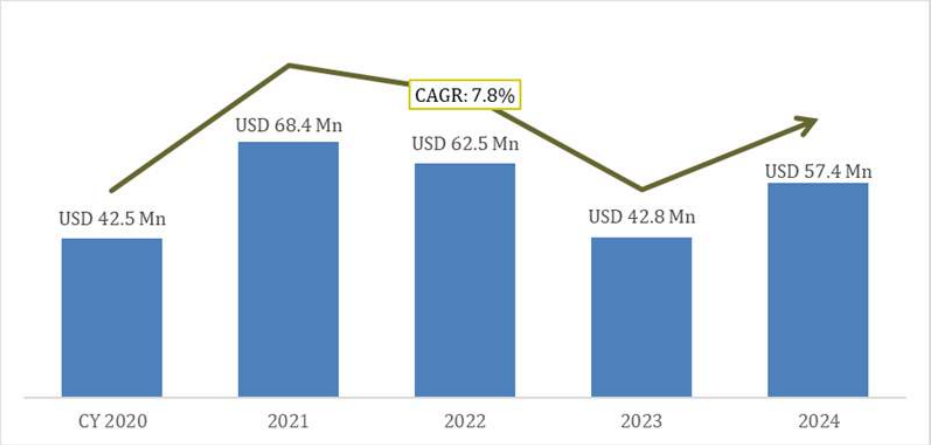
Company	Head Office	FY 2025 Revenue (USD Billion)	YoY Growth %	Key Strategic Focus / Development
Sumitomo Corp.	Japan	48.1	-2.1 %	Optimizing portfolio toward infrastructure and resource segments; limited direct OFC exposure but large global trading presence.
Prysmian Spa	Italy	18.4	+10.9 %	Record quarter in Transmission (+39 %) and Digital Solutions (Fiber/Cable +13 %). Investing in next-gen ribbon and submarine systems.
Corning Inc.	US	13.1	+4.2 %	Optical Comms sales +58 % Y/Y from **Generative AI data-center** demand. Focus on high-bandwidth and low-loss fibers.
CommScope	US	4.2	-7.9 %	Connectivity & Cable Solutions segment up strongly as inventories normalized.
Furukawa Electric	Japan	7.9	+5.5 %	Prioritizing automotive and **data-center interconnect** products; moderate telecom exposure.
Fujikura Ltd.	Japan	6.51	+13.6 %	Concentrating on **optical-connecting solutions** for advanced information networks; expanding in data-center markets.
Zhongtian Technology (ZTT)	China	8.55 (CY 2024 est.)	+9.2 %	Extending into **submarine and offshore wind cables**; pursuing geographic diversification.
Belden Inc.	US	2.5	-2.1 %	Automation-solutions growth offset flat fiber/cable sales. Re-positioning toward smart-infrastructure products.
HFCL Ltd.	India	0.49	−9.5%	Temporary revenue dipped from project phasing; expanding OFC capacity to **42.36 million fkm by Jun 2026** and diversifying exports.

Company	Head Office	FY 2025 Revenue (USD Billion)	YoY Growth %	Key Strategic Focus / Development
Sterlite Technologies (STL)	India	0.48	−2.7%	Revenue softened but **EBITDA margins improved**; order book +135 % H1 FY26. Focus on high-margin optical interconnects.

Western and Japanese majors (Corning, Prysmian, Fujikura) reported strong double-digit growth driven by AI data-center demand and digital-solutions segments. Indian players (HFCL, STL) saw short-term softness (−3 to –9 %) due to project deferrals in domestic telecom rollout cycles but maintain robust order pipelines. Indian players are adopting vertical-integration models (OFC + connectivity + electronics). STL's EBITDA improvement and HFCL's PLI-supported manufacturing expansion align with this global efficiency drive.

India's exports of optical fiber cables (HS 854470) reached USD 57.4 million in 2024, recovering from USD 42.8 million in 2023 but still below the 2022 high of USD 62.5 million. Over 2020–2024, exports grew at a 7.8 % CAGR, underscoring India's growing integration into the global fiber-supply ecosystem despite a period of subdued international demand and pricing corrections.

Figure 13: India Export Data (HS 854470) in USD million



India export under HS Code 900110 for CY 2024 was USD 297.6 million. Together, HS Code 854470 & 900110, export value for CY 2024 was USD 354.4 million.

The export trend reflects two clear phases:

- 2020–2022: A sharp rise driven by global 5G and broadband rollouts, with India supplying both standard and specialty OFCs to multiple new geographies.
- 2023–2024: A consolidation phase as world demand normalized post-pandemic, but Indian exporters retained market share through cost competitiveness and diverse certifications.

Table 9: Key Export Destinations (2024)

Rank	Destination Country	2024 Export Value (USD '000)	Share of India's OFC Exports
1	United States of America	11,693	20 %
2	United Kingdom	9,472	16 %
3	Spain	6,988	12 %
4	Australia	6,294	11 %
5	Netherlands	2,168	4 %

Together, these five markets account for roughly 63% of India's total OFC exports, highlighting strong alignment with developed digital economies.

Beyond the top five, Japan, Nepal, UAE, France, and Italy collectively represent another ~15% of India's shipments, showing a balanced portfolio across both mature and emerging regions.

Regional Dynamics and India-Friendly Markets

- North America (USA, Canada, Mexico): The US remains India's largest and fastest-growing customer. Stronger sourcing diversification and rural broadband funding in the US create recurring opportunities for Indian vendors compliant with ICEA/NEC standards.

- Europe (UK, Spain, France, Italy, Netherlands): Indian cables are gaining traction as European buyers seek alternate low-cost suppliers amid high regional energy and input costs. Certification and CPR compliance are becoming key differentiators.

- Asia-Pacific (Australia, Japan, Southeast Asia): Export momentum to Australia (6.3 million USD in 2024) signals India's entry into premium-spec markets with tight quality norms.

- Gulf & Africa (UAE, Saudi Arabia, Nigeria, Kenya): Smart-city and national backbone projects under Vision 2030 programs are fueling demand for desert-rated, LSZH, and rodent-resistant cables—segments where Indian producers are technically competitive.

- Neighborhood Markets (Nepal, Bangladesh, Sri Lanka): Stable project-based offtake continues, benefiting from proximity and logistics ease.

Drivers of Export Competitiveness

- Strong domestic base: India's combined OFC capacity exceeds 70 million fkm per annum, giving scale advantages. STL is the leading exporter from India, followed by emerging HFCL in the global markets.

- Cost efficiency: Lower energy, labor, and logistics costs enable 15–25 % price advantage versus European peers.

- Technological maturity: Indian players now supply ADSS, OPGW, micro-duct, and ribbon cables meeting global specifications.

- Accessory ecosystem: Rapid integration of optical interconnect accessories (closures, patch panels, enclosures) boosts export basket value.

- Sustainability edge: Increasing adoption of LSZH, recyclable sheaths, and green manufacturing standards aligns with Western procurement criteria.

Recent Developments

- Major Indian manufacturers—HFCL, STL, Polycab, and Apar—expanded fiber capacity and secured multi-year export contracts in the US, Europe, and Middle East.

- Strategic tie-ups with telecom operators and EPC firms in Gulf and Africa regions are helping Indian companies offer end-to-end turnkey solutions combining cables, accessories, and deployment services.

- Indian OFC exports are increasingly routed through Netherlands and UAE, serving as logistics hubs for Europe and Middle East deliveries.

Outlook: India as a Global Export Hub

India is emerging as a credible alternative to China and East Asia for optical fiber cables and interconnect systems, thanks to consistent quality, cost advantages, and a growing product range. Its share of global OFC output is expected to increase from around 6% in 2024 to over 10% by 2027, making it a viable export hub. While the domestic industry mainly focuses on cable manufacturing, expanding beyond this offers substantial potential under India's PLI 2.0 for Telecom & Networking Products. As global fiber demand—driven by data centers, 5G expansion, and rural broadband—picks up from 2025, India is strategically positioned to double its export volume to over USD 100 million by FY 2027, leveraging bundled solutions and regional warehousing partnerships.

Indian Optical Fiber Cable Industry and Growth

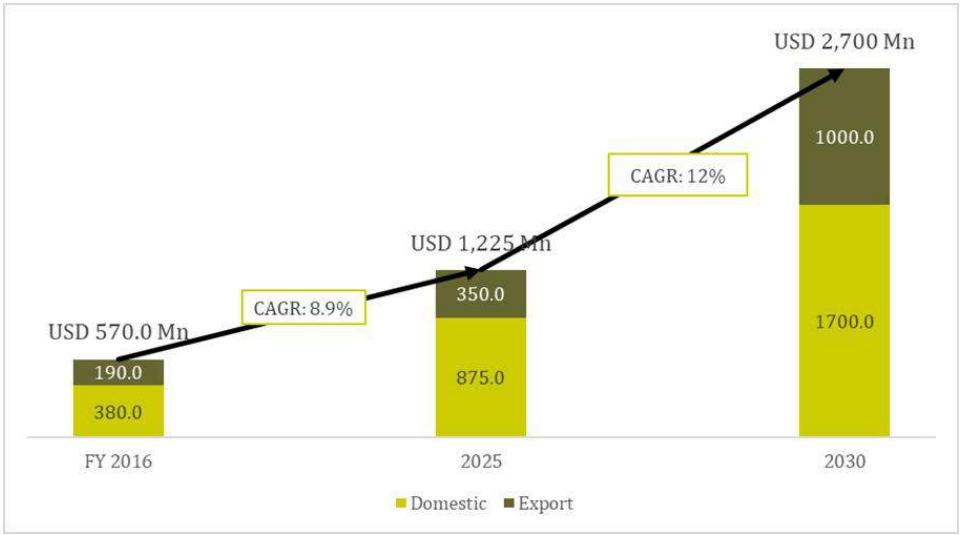
India's market for Optical Fiber Cable and cable assemblies/components, is valued at USD 1.375 Bn in FY 2025, which is expected to reach USD 2.7 Bn by FY 2032, growing at a CAGR of 10.1%.

Figure 14: Indian OFC, and Accessories market in USD Mn



The Indian Optical Fiber Cable industry revenue, which includes domestic sales and exports, is expected to grow at a CAGR of 12% during FY 25-32. This growth is mainly driven by increasing export opportunities from India. The Exports for OFC, which are **USD 350 million** in FY 25, is likely to reach **USD 1,000 million** by FY 2030. The current value share of India's export in the global trade for OFC is less than 5% and is expected to reach around **15%** by FY 32.

Figure 15: Indian Optical Fiber Cable Industry Revenue in USD million



Leading players in India are investing to increase their capacities, investing in R&D to produce new products, working to improve the supply chain, and aggressively targeting foreign markets through partnership, JV, and direct presence.

Table 10: Leading Indian Optical Fiber Manufacturers[39]

Key Players	Revenue FY 2025 (USD million)	Revenue by product FY25	Export %	Total Capacities	Manufacturing Location	Capacity Expansion
Sterlite Tech Ltd.	480.5	Sales of products: 93%; Network	80%	OFC: 34 million fkm (25fkm in	India, China, Italy, Brazil	Annual Capex: USD 30 million

[39] Source: Companies Annual Report and Website

Key Players	Revenue FY 2025 (USD million)	Revenue by product FY25	Export %	Total Capacities	Manufacturing Location	Capacity Expansion
		integration projects: 7%		India); OF: 50 fkm		
HFCL	489.8	Products: 61%; Projects: 39%	12%	OFC: 32.71 million fkm; OF: 28 fkm	Hyderabad, Goa, Chennai	OFC: 42.36 MfKm and OF: 33.9 MfKM
Vindhya TeleLinks	488.5	OFC and Copper Cables: 18%; EPC: 82%	1%	OFC: 4.8 million fKM	Madhya Pradesh	Annual Capex: USD 1.53 million
Birla Cables	79.7	OFC: 18%-20%; Other Cables: ~80%	12%	OFC: 3.6 million fkm	Madhya Pradesh	Annual Capex: USD 3.2 million
Finolex Cables	640.6	OFC: 10%; Electrical Wire, Cables and others	~1%	OFC: 4 million fkm	Rajasthan	Annual Capex: USD 29 million
Akash Opifibre	15.3	Manufacturing: 59%; Trading and Services: 41%	10%	OFC: 3 million fkm	Rajasthan	Nil

The Indian Optical Fiber industry is moving towards a duopoly, with HFCL and STL emerging as the leading players, having a 70% share in the total production and sales.

Table 11: Leading Indian Optical Fiber Manufacturers[40]

Key Players	Revenue FY 2025 (USD million)	YoY %	Revenue FY 26 Q2 (USD million)	YoY Q2 Growth
HFCL	489.8	-9%	128	26%
Sterlite Tech Ltd.	480.5	-3%	124.9	5%
Vindhya TeleLinks	488.5	-1%	105 (Q1)	NA
Birla Cables	79.7	-4%	21.4	4%
Finolex Cables	640.6	5%	167.3	3%
Akash Opifibre	15.3	-41%	3.74	19%

The Indian Optical Fiber industry is moving towards a duopoly, with HFCL and STL emerging as the leading players, having a 70% share in the total production and sales. HFCL, being the number one supplier of OFC in the domestic market, is now focusing on increasing the export share. STL is the Indian player having a highest share of export for OFC. The company is further strengthening its capacity and market reach through capacity expansion in India and acquisitions in the US and Europe. Higher investment in R&D, new product development for telecom industry and expanding global reach is likely to support the company's growth.

HFCL is strategically positioned to capture the accelerating domestic and global OFC market opportunities by establishing itself as a fully integrated, product-focused manufacturer. The company has seven operational manufacturing facilities across India, three R&D centres, 50+ countries of presence, with significant Optic Fiber and Optic Fiber Cable (OFC) capacity currently at **28.0 million fkm p.a**., and **32.7 million fkm p.a** respectively. Key locations supporting this capacity include Hyderabad, Chennai (through subsidiary HTL Ltd), and Goa, which collectively produce millions of fiber kilometers of cable and FTTH cables.

Being at the forefront of India's telecom and digital infrastructure growth, enabling 5G rollouts and fiber connectivity, the company possesses the right product line to capture the latest global and Indian market trends, particularly the demand for 5G, FTTH, Data Centers, and System Integration Services. The OFC product portfolio is highly diverse and includes Armored and Unarmored Cable, Micro Cable, Micro Module Cable, Ribbon Cable, FTTH Cable, and the next-generation IBR (Intermittently Bonded Ribbon) Cable. The inclusion of high-density and specialty cables like Ribbon and IBR places HFCL directly in the high-growth Data Center networking industry.

To ensure supply chain resilience and enhance margins, HFCL is strengthening backward integration by planning to expand its Optic fiber (OF) production capacity from **28.0 million fkm p.a. to 33.9 million fkm p.a**. This is coupled with a planned expansion of its OFC capacity from to **32.7 million fkm p.a**. to **42.3 million fkm p.a**. This

[40] Source: Companies Annual Report and Website

vertical integration not only reduces dependence on external suppliers but also ensures higher quality of finished goods and yields better margins.

HFCL is an established player in large-scale telecom projects including Optical Transport Network, Rural GSM Network, Fiber to the Home, In-building Solutions, and Mobile Backhaul Networks. The company has proven records of creating Optical Transport Network across India for leading telecom operator and delivering advanced Wi-Fi solutions for various institutions. HFCL is expanding their range of Optic Accessories and Passive Connectivity Solutions, which is designed to significantly help the company's revenue and profitability. HFCL supplies a comprehensive portfolio of passive connectivity solutions essential for high-speed networks, including Cable Assemblies, High Density Cabinets, Fiber Termination Boxes, PLC Splitters, Joint Closures, and Aerial/FTTH Accessories. For the Data Center vertically specifically, the company offers MPO/MTP Assemblies within its passive solutions, which are mandatory for current generation hyperscale deployments. The company also has introduced wire harness portfolio for Automobile, Aerospace and Defence Cable assemblies' rising demand. This complete offering—from fiber and cable to the full suite of passive accessories, along with system integration services—allows HFCL to serve as an end-to-end solutions provider, enhancing its revenue stability and overall margins by capturing value across the entire network deployment chain.

Increasing revenue mix of higher margin private customers (81% share of private customers in H1, FY26, compared to 68% in FY 22), rising export share (26.34% in H1, FY26, up from 12.23% in FY 25), and increasing share of Product-led revenue (which reached 58% in H1, FY26, up from 43% in FY 22), further help company to ensuring scalability and capitalizes on their presence in over 50 countries.

Networking Equipment (AI & Data Driven)

Global telecom equipment investment remains on a steady path. According to Omdia, total telecom CAPEX is forecast to reach about **$395 billion by 2030** (≈3.6% CAGR) as operators increasingly shift from "broad coverage" spending to value-driven upgrade. Dell'Oro similarly reports that operator CAPEX has **"stabilized" after recent declines**, with spending now focused on capacity, quality, automation and energy efficiency rather than blanket network builds. In other words, operators are past the post-5G spending peak but not slashing budgets – Omdia notes connectivity is moving from volume to value-driven initiatives. Meanwhile, hyperscale cloud investments are surging: Dell'Oro projects **data center CAPEX reaching $1.2 trillion by 2029** (≈21% CAGR) with hyperscalers driving ~50% of that spend. CRU data confirm an AI-fueled data center build-out – optical cable demand for AI applications leapt **138% in 2024** and is set to grow 80% in 2025.

The telecom equipment and services included in this research report are –

- **Ethernet Switches:** Campus and data-center switches (from 1GbE up to 400/800GbE and beyond).
- **Routers:** Service-provider backhaul/core routers and enterprise edge routers.
- **Enterprise Wi-Fi Systems:** Indoor/outdoor WLAN APs and controllers (Wi-Fi 6/7).
- **PtP/PtMP Radios:** Microwave and millimeter-wave radios for backhaul and last-mile connectivity.
- **5G Fixed Wireless Access (FWA):** Outdoor CPE and customer-premises equipment for 5G/B5G broadband.

Ethernet Switches Market

An Ethernet switch is an internet connectivity tool that connects multiple networks and devices into a high-speed local area network (LAN). Ethernet switches connect cabled devices, like computers, Wi-Fi access points, PoE lighting and IoT devices, and servers, in an Ethernet LAN so that they can communicate with each other and to the internet. Fast increase in the connected devices, along with the increasing data requirement, is driving the new Ethernet switches, along with the upgradation of old switches with high-speed versions.

The Ethernet switch market is defined by historic growth, driven primarily by the unprecedented demand for Artificial Intelligence (AI) infrastructure globally. The market exhibits a clear bifurcation, with hyper-scale infrastructure investments fueling technological acceleration in the Datacenter (DC) segment, while the Enterprise (Non-DC) segment provides a stable base.

The global market for Ethernet Switches stood at **$23,780 million in FY 2016** and is projected to nearly triple to **$65,000 million by FY 2032**. This robust expansion is reflected in the Compound Annual Growth Rate (CAGR), which grew at **7.3%** between FY 2016 and FY 2025 (reaching **$44,700 million** in the latter year) and is

forecast to maintain a solid **5.5% CAGR** through FY 2032[41]. Datacenter segment has a market share of 42%, followed by 1GE switches at 33%, 10 GE Switches at 12% and others (14%) in FY 2025

Figure 16: Global Ethernet switch market, USD million[42]

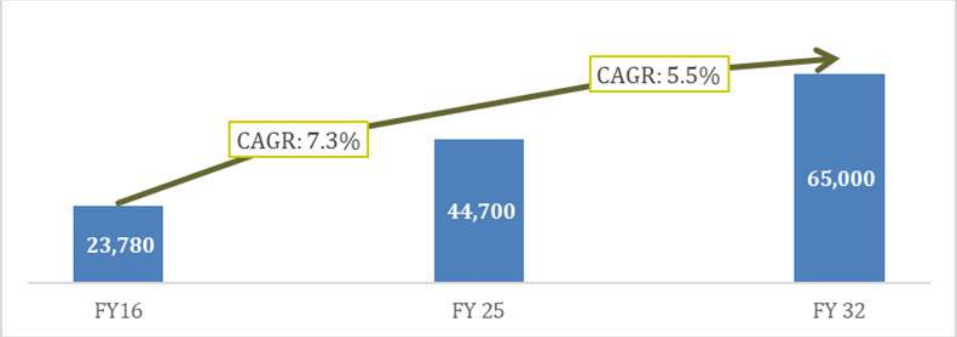
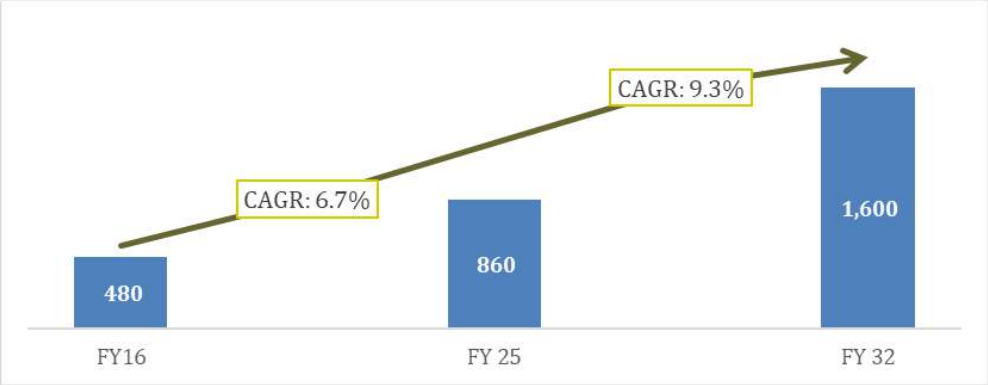


Figure 17: India Ethernet Switch market, USD million[43]



The Indian market, while significantly smaller (estimated at USD 860 million in FY 2025), demonstrates a steep growth trajectory. Valued at **$480 million in FY 2016**, the Indian market reached **$860 million in FY 2025** (6.7% CAGR). The subsequent forecast for India predicts an acceleration in growth, reaching **$1,600 million by FY 2032**, reflecting a robust **9.3% CAGR** (FY 2025-2032). This faster projected growth in India (9.3% vs. 5.5% globally) suggests a strong domestic emphasis on digital infrastructure modernization.

Despite the long-term forecasts, the market is experiencing intense, non-linear acceleration in certain segments. For instance, the worldwide market recorded $14.5 billion in revenue in the second quarter of 2025 (2Q25) alone, representing a phenomenal 42.1% Year-over-Year (YoY) increase. This surge is almost exclusively driven by the **Datacenter (DC) segment**, which surged 71.6% YoY in 2Q25, vastly outpacing the more conventional **Non-Datacenter (Non-DC)** segment (Enterprise and Campus networks), which registered a modest 12.5% YoY growth[44].

Global Growth Drivers: AI and Ultra-High-Speed Ports

The dramatic surge in Ethernet switch demand is fundamentally tied to the explosive growth in AI infrastructure and accelerated computing. Modern Generative AI workloads require unprecedented levels of inter-processor communication, creating a performance bottleneck in **data movement**—the networking fabric itself.

This necessitates an unprecedented shift toward ultra-high-speed ports, a trend that is dramatically steeper and faster than any previous Ethernet speed transition. Key port speed metrics emphasize this shift:

[41] IDC and Feedback Advisory
[42] IDC and Feedback Advisory
[43] IDC and Feedback Analysis
[44] IDC, Q2, 2025

- **800GbE Hyper-Scaling:** Revenues for 800GbE switches surged 222.1% sequentially from 1Q25 to 2Q25[45], now constituting 12.8% of the DC segment's total revenue. 800GbE adoption is scaling nearly 100 times faster than the preceding 400GbE generation in branded deployments. The majority of these 800GbE deployments are concentrated in large hyperscale data centers and High-Performance Computing (HPC) environments.

- **200/400GbE Dominance:** Revenues for 200/400 GbE switches deployed in the datacenter increased 175.5% YoY in 2Q25 and collectively represent 49.5% of the DC segment's revenues.

Secondary growth in drivers, such as the global deployment of **5G technology**, also contributes significantly to the market. The requirement for lower latency (down to one millisecond or less) and greater speed for massive device connectivity (IoT) and industrial applications necessitates network upgrades. This supports demand for robust Power over Ethernet (PoE) infrastructure to support devices like 802.11ax access points and 5G small cells in the non-DC segment.

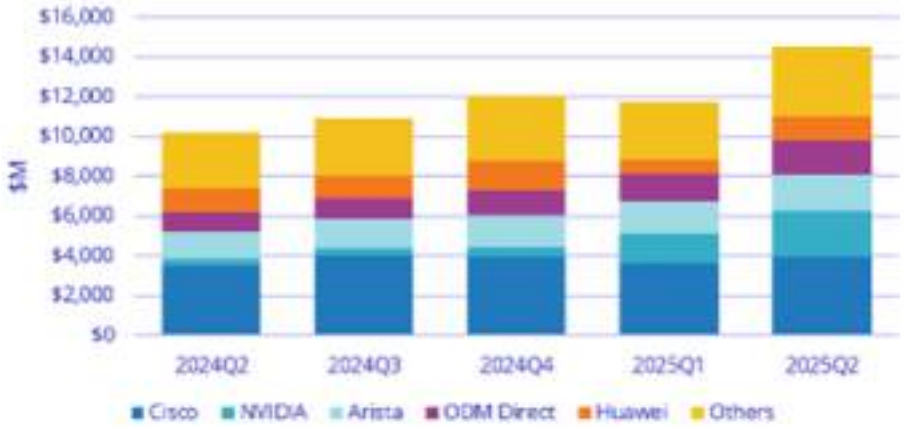
Leading Global Players (Q2 2025 Review)

Competitive structure is undergoing a critical restructuring, where success is increasingly defined by the ability to serve the AI-centric datacenter segment, according to IDC's 2Q25 data.

Table 12: Leading Global Ethernet Switch Companies, Q2, CY 2025 Revenue growth[46]

Vendor	2Q25 Total Market Share (%)	YoY Growth (%)	DC Revenue Concentration
Cisco	27.3%	12.3%	31.7% (68.3% non-DC)
NVIDIA	15.7%	647.0%	100% (DC-focused)
Arista Networks	12.6%	33.5%	90.7% (DC-focused)
HPE Aruba Networking	4.7%	9.9%	15.1% (84.9% non-DC)

Figure 18: Global Top 5 Ethernet Switch Companies Q2 CY 2024 – Q2 CY 2025, Revenue USD million[47]



- **Cisco Systems:** Remains the largest overall vendor with a **27.3% share**, deriving 68.3% of its revenue from the stable non-DC sector. However, its 9.1% YoY growth in the DC segment is substantially slower than the overall DC market's 71.6% growth.

- **NVIDIA:** Emerged as a major disruptor, driven entirely by its DC-focused platforms. Its Ethernet switch revenues skyrocketed by an unparalleled **647.0% YoY** in 2Q25, securing **15.7%** of the total market and holding the highest share in the critical DC portion at **25.9%**.

[45] IDC, Q2, 25, Feedback Advisory
[46] IDC, Q2, 25, Feedback Advisory
[47] IDC and Feedback Analysis

- **Arista Networks:** Continues as a strong pure-play datacenter vendor, with **90.7% of its revenues from the DC segment**. Arista achieved **12.6%** of the total market share with **33.5% YoY growth** and leads the brand 800GbE segment.

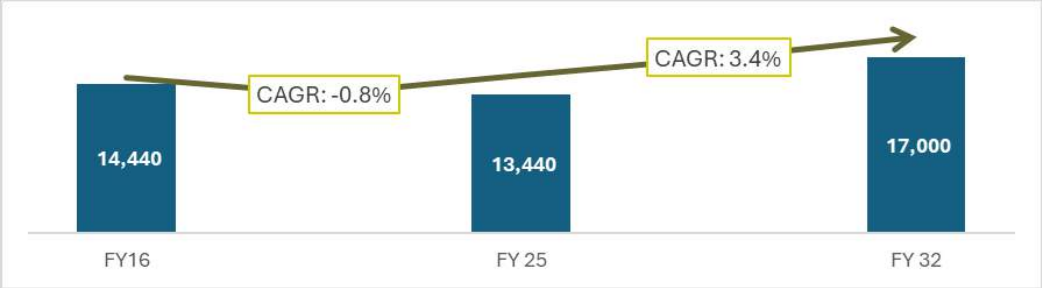
Market segmentation is based on customer type and architecture. Datacenter segment (high-capacity 100/400/800GbE fabric) has a market share of 42%, followed by 1GE switches at 33%, 10 GE Switches at 12% and others (14%) in FY 2025[48]. Hyperscale users often build their own white-box designs or use merchant silicon (with SONiC or similar software), while enterprise buyers generally still favor established brands.

Routers – Access, Distribution, and Aggregation

Market Size and Growth

The global router market is projected to dip slightly from about **$14.44 Billion in FY2016 to $13.44 Billion by FY2025** (a –0.8% CAGR) and then rebound to **$17.00 Billion by FY2032** (3.4% CAGR). This reflects slower growth in mature markets (as upgrades paused after heavy 4G/5G investments) followed by renewed spending on network modernization and expansion.

Figure 19: Global router market, USD million[49]

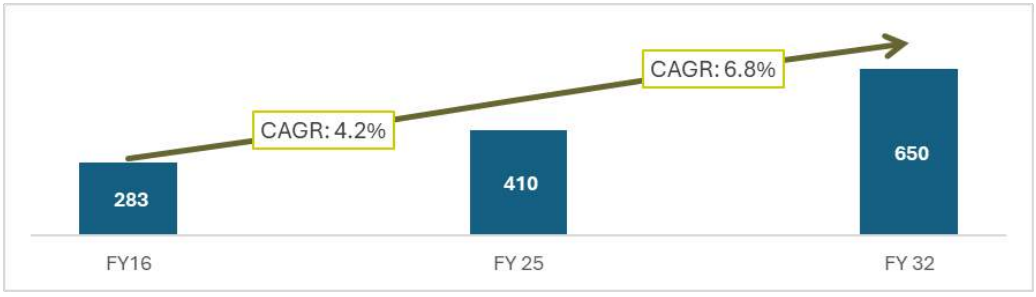


IDC reported that in Q2 2025 "inventory correction is now complete" and global router orders have resumed, driving a 12.5% Y0Y revenue. SP Edge router has the highest share of 63%, followed by SP core routers at 28%, and Enterprise at 9% of the total value in FY 2025.

In comparison, India's router market is smaller but growing faster – from **$283 million in FY2016 to $410 million by FY2025** (4.2% CAGR) and rising to **$650 million by FY2032** (6.8% CAGR) as operators build out 5G transport and fiber backhaul.

India's router sector is similarly poised for acceleration on network expansion programs (especially 5G backhaul and fiber-to-tower). The provided forecasts show Indian market growth outpacing the global average, in line with ongoing telecom capex.

Figure 20: India Market – Routers - Access, Distribution and Aggregation (USD million)



Domestic spending on 5G and rural broadband is a key driver, and government programs (e.g. PLI incentives) are further catalyzing growth. For example, Tejas Networks and HFCL have recently secured large contracts for BSNL and Vi, indicating strong underlying demand.

[48] IDC and Feedback Analysis
[49] IDC and Feedback Analysis

Global Competitive Landscape

The global router market is led by a few large OEMs. Key players include **Cisco** (covering both core and branch routers), **Huawei**, **Juniper Networks**, **Nokia**, and Chinese vendors like **ZTE**. These vendors compete across segments – from high-end service-provider core routers to metro aggregation routers and enterprise-edge (branch) routers. In Q1 2025 Dell'Oro reported that Huawei, Juniper and Nokia saw strong growth in router revenues, while Cisco's overall router revenue declined. Cisco has responded by focusing on integrated solutions (e.g. routers with IP-over-DWDM optical capability) and software-driven architectures.

Major market trends are reshaping router demand:

- **SD-WAN & SASE growth:** Enterprise and branch connectivity is shifting to software-defined WAN architectures. IDC notes the SD-WAN infrastructure market grew ~25% in 2022 (to multi-billion USD) and should continue at ~10% CAGR through 2027. Vendors are integrating security (SASE) and analytics into router platforms.

- **5G transport and fiber backhaul:** The rollout of 5G and extension of fiber for mobile towers and metro rings is driving demand for high-capacity aggregation/backhaul routers. Operators are investing in routers that can handle multi-10Gbps streams. (HFCL notes global 5G and FTTH rollouts will create "huge Capex" opportunities for equipment vendors)

- **Cloud-managed routing:** Service providers and enterprises are increasingly using cloud-controlled routing and SASE services. The industry recognizes that cloud and networking are now inseparable – as Cisco observes, "the cloud and the network are synonymous" and networks are being transformed by cloud architectures. This is spurring demand for routers that integrate with cloud-native management and virtualized network functions.

- **Next-gen IP and segment routing:** Carriers are converging IP/MPLS core networks with Segment Routing for simpler traffic engineering. New routers support SR-MPLS to enable network slicing and on-demand paths, reducing complexity in large-scale networks.

- **AI-driven automation and observability:** Network operators are emphasizing intelligent automation. In a Cisco/IDC survey, 60% of IT leaders expect to have AI-enabled predictive network automation across all domains within two years. Routers now incorporate telemetry and AI/ML for self-healing and performance optimization.

These trends underline a shift from legacy box-selling to software-centric, analytics-rich routing platforms. The competitive landscape favors vendors who combine high-performance hardware with advanced software (automation, security, cloud integration).

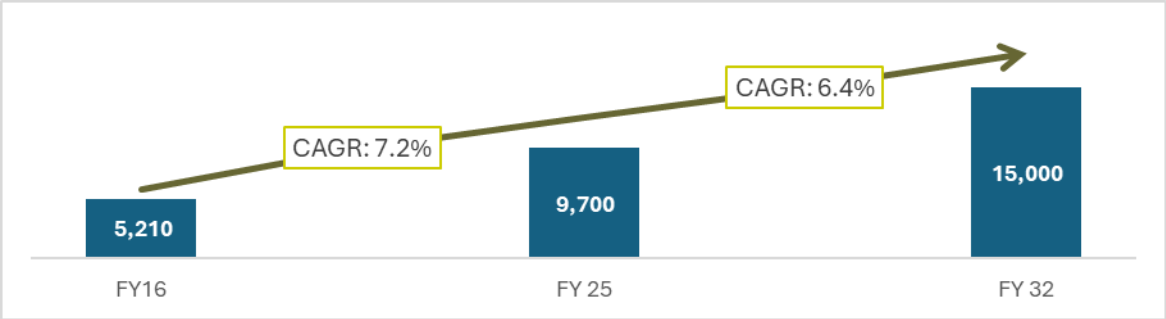
Enterprise Wi-Fi Access Systems – Indoor & Outdoor

Market Size and Growth

The global enterprise Wi-Fi (WLAN) market has expanded steadily, driven by enterprise digitization and new Wi-Fi standards. Industry analysts (IDC) estimated global enterprise Wi-Fi spending of **USD 5.21 Billion** in FY2016, rising to about **USD 9.7 Billion** by FY2025 (CAGR ~7.2%), and reaching **~USD 15.0 Billion** by FY2032[50] (CAGR ~6.4% over FY2025–32). Wi-Fi 6 is expected to grow rapidly, reaching around **USD 9.0 billion** by FY 2032.

[50] IDC, Feedback Advisory

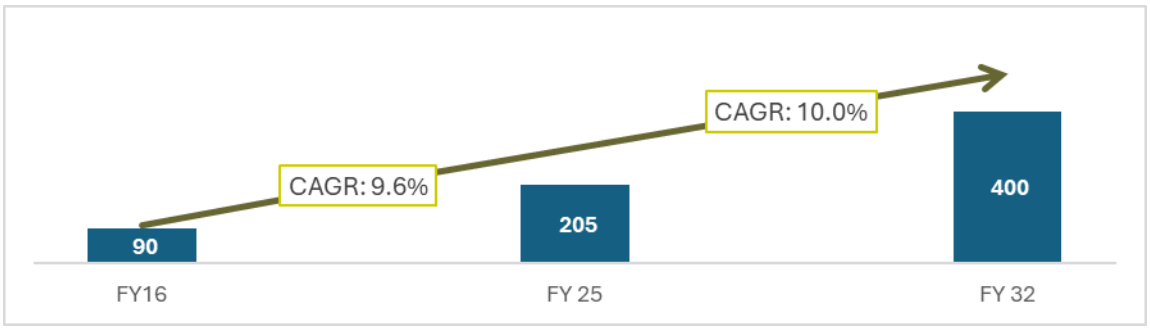
Figure 21: Global Market - Enterprise Wi-Fi Access System - Indoor & Outdoor (USD million)



The India market is even more dynamic: from just **USD 90 million** in FY2016 to **~USD 205 million** in FY2025 (CAGR ~9.6%), and roughly **USD 400 million** by FY2032 (CAGR ~10.0%).

IDC noted 10.6% and 13.0% YoY in Q1, and Q2 CY 2025 for global enterprise WIFI market, reflecting uptick in the growth momentum in enterprise investment in Wi-Fi.

Figure 22: India Market - Enterprise Wi-Fi___33 Access System - Indoor & Outdoor (USD million)



Globally, the enterprise Wi-Fi market is led by a handful of global vendors. Cisco and HPE/Aruba collectively account for a large share (IDC estimates ~38% and 14% market share in 2Q 2025, respectively[51]. Other key players include Extreme Networks, Ubiquiti and Huawei (each mid–single-digit market share). Vendor dynamics are fluid – for example, Dell'Oro notes that companies like CommScope (Ruckus), Ubiquiti and Extreme have been among the fastest-growing vendors recently. Market segmentation spans: (a) Enterprise (campus) WLAN – mostly indoor APs serving offices and campuses, (b) Public Wi-Fi – hotspots in transit hubs, malls, stadia and venues, and (c) Outdoor/Mesh Wi-Fi – rugged wireless networks for campuses, smart-city and IoT connectivity.

Key industry trends are reshaping this space:

- New Wi-Fi Standards: Adoption of Wi-Fi 6/6E is accelerating and Wi-Fi 7 is entering the market. Dell'Oro reports that Wi-Fi 6E APs jumped to ~10% of unit shipments by 3Q 2023, and that multiple vendors are now shipping Wi-Fi 7 APs in anticipation of 6 GHz spectrum availability[52]. These new standards offer higher throughput and device density, extending Wi-Fi's role in enterprise networks.

- Cloud-Managed WLAN: A clear shift toward cloud-based WLAN management is underway. Market intelligence shows cloud-managed WLAN services grew ~10% YoY in 2024, outpacing the overall WLAN market[53]. Cloud platforms (e.g. Cisco Meraki, Aruba Central, Extreme Cloud) offer unified configuration, analytics and lower TCO for multi-site deployments.

- SD-Branch and AI Optimization: Enterprise Wi-Fi is increasingly integrated with software-defined WAN (SD-WAN) and branch networking (the so-called "SD-Branch"). Vendors now bundle WLAN controllers with SD-WAN/router functions to simplify branch connectivity. Simultaneously, AI/ML-driven features (AIOps) emerge to automate RF optimization and troubleshooting. Enterprises are adopting AI-based cloud-

[51] IDC 2Q, 2025
[52] Dell'Oro
[53] Feedback Advisory

management to oversee not only Wi-Fi but adjacent devices (switches, security, SD-WAN, etc.) in a single console[54].

- Outdoor/Smart-City Deployments: There is strong growth in outdoor Wi-Fi for smart cities, campus and industrial use cases. Feedback Advisory projects the outdoor Wi-Fi market to have a strong 9-10% CAGR during CY 2025-2032. Expanding use cases – from municipal hotspots to IoT sensor backhaul – are driving rugged access points and mesh networks. Smart-city and transit Wi-Fi projects, as well as campus-wide outdoor coverage (e.g. ports, factories, universities), are major growth drivers.

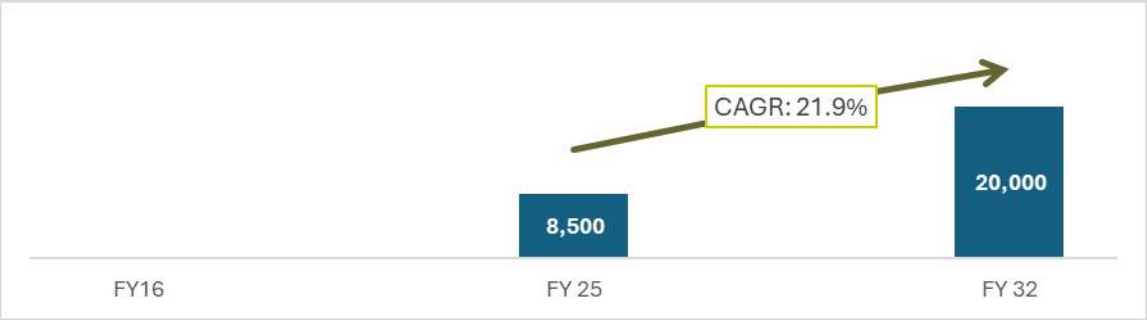
Fixed Wireless Access (FWA)

Market Size and Growth

The global 5G FWA market is expanding rapidly. Feedback Advisory estimates revenues rising from roughly **USD 8.5 billion** in FY2025 to about **USD 20.0 billion** by FY2032 (≈22% CAGR)[55]. This growth is driven by surging demand for broadband, especially where wired fiber is limited. For example, Ericsson projects global FWA connections to grow from 160 M in 2024 to ~350 M by 2030 – over 80% of which will be on 5G[56].

In India, the FWA market is smaller but still fast-growing: from about **USD 460 million** in FY2025 to **USD 1,000 million** by FY2032 (≈11.7% CAGR). With only ~34 M homes currently served by fiber, many urban and rural users must rely on wireless solutions. Thus, FWA is seen as a keyway to bridge India's broadband gap.

Figure 23: Global Market - 5G FWA (USD million)



5.6.2 Global Market Trends and Competitive Landscape Globally, fixed wireless access is now a proven use case for 5G, especially in standalone (SA) networks using mid-band and mm Wave spectrum. Ericsson notes that mm Wave FWA can deliver "fiber-like internet speeds" to homes and businesses across urban and rural areas[57], and that expanding C-band spectrum (3.3–4.2 GHz) is expected to further boost performance. Industry forecasts agree that FWA will be a major broadband growth driver: for example, Omdia projects FWA subscriptions rising from 71 M in 2024 to ~150 M by 2030 (88% of which will be 5G)[58], while Ericsson forecasts ~350 M global FWA connections by 2030[59].

Key trends include:

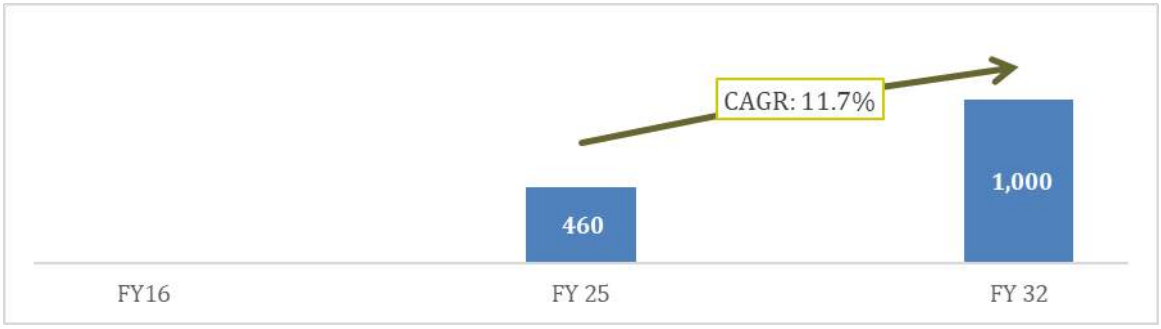
- 5G SA and spectrum leadership: 5G Standalone architecture is already being leveraged for FWA. High-bandwidth bands (mm Wave and C-band) are ideal for dense deployments. Operators in the US, Europe and Asia-Pacific are deploying FWA in 3.5 GHz C-band and millimeter-wave, achieving multi-hundred Mbps speeds (Ericsson studies have validated 7 km range on 26 GHz mm Wave with >300 Mbps throughput[60]). Ongoing releases of C-band spectrum (e.g. in the US) are expected to give FWA further headroom and drive faster speeds[61].

[54] Feedback Advisory
[55] Feedback Advisory
[56] Ericsson Mobility
[57] Ericsson Mobility
[58] Omdia
[59] Ericsson Mobility
[60] Ericsson Mobility
[61] Feedback Advisory

- Open RAN and software CPE: Disaggregated network architectures are emerging. For instance, Zain Kuwait and Parallel Wireless completed a live 5G-SA FWA trial in early 2025 using an Open RAN solution, achieving >1.3 Gbps on fixed wireless links. At the device level, vendors are emphasizing open-standard and "software-defined" CPEs. Industry reports note that open-architecture CPE and white-label devices are lowering entry barriers and intensifying competition[62]. This trend allows service providers to remotely update CPE features (for example, via cloud-managed Wi-Fi) and rapidly introduce new services.

Key industry players span the ecosystem. Major equipment vendors include Nokia, Ericsson, Huawei and ZTE (often joined by Samsung), which supply 5G base stations and systems[63]. On the CPE side, leading manufacturers include ZTE, Nokia, Huawei and Casa Systems (in the consumer/enterprise CPE market) as well as Sercomm, Arcadyan, Inseego and Zyxel. Key chipset suppliers powering 5G FWA gateways are Qualcomm, MediaTek and UNISOC, which provide RF modems for both indoor and outdoor routers.

Figure 24: India Market - 5G FWA (USD million)



PtP and PtMP Radio

The radio frequency spectrum is vital for wireless communication infrastructure. Most radio frequencies require a license provided by a national regulatory body or the government. However, many countries have allocated some spectrum for unlicensed use which can be for general purposes or application specific.

2.4 GHz and 5 GHz bands are widely used in the world for Wi-Fi services. In India, earlier, only 2.400-2.4835 GHz and 5.825-5.875 GHz were unlicensed bands for indoor and outdoor use of low-power equipment. Recently, 5150-5250 MHz, 5250-5350 MHz, 5470-5725 MHz and 5725-5875 MHz frequency bands have been included as unlicensed for use in indoor and outdoor environments. India presently has around 689 MHz of spectrum available for unlicensed use across various bands. However, this is very low in comparison to countries like the USA (15403 MHz), China (15360 MHz), Japan (15377 MHz), the UK (15404 MHz), and Brazil (15360 MHz).

Equipment and radios that work on these licensed and unlicensed spectrum bands are called licensed broadband radio and unlicensed broadband radios respectively. Broadband radio units offer reliable, high-speed and secure wireless connectivity between multiple remote locations through high-capacity wireless point-to-point and point-to-multipoint configurations.

Types of radio network configurations:

1. **Point-to-Point:** It connects two communication devices, a transmitter and a receiver. There are no other connections to or from this wireless radio link; therefore, the capacity of the entire link is reserved to transfer data between these two points. Low latency and reliability are key benefits of PTP.

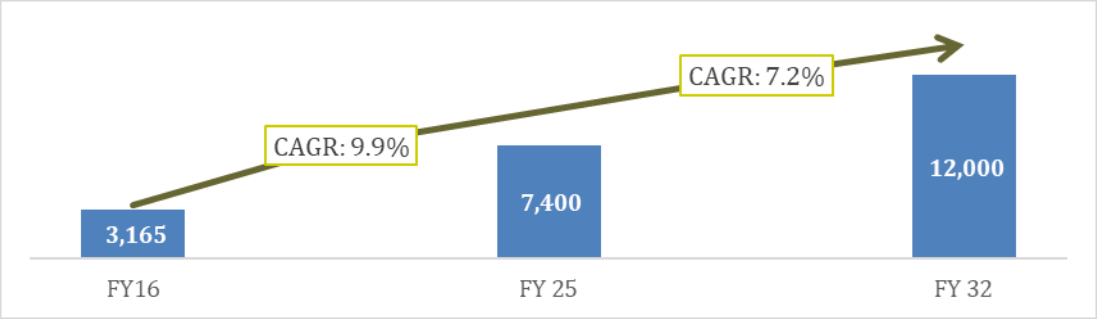
2. **Point-to-Multipoint:** It includes a single transmitter sending data to multiple receivers. The receivers are not connected to one another, but only to a single transmitter. This is typically viewed as a simple business-class Internet connection. It is ideal when sending small amounts of data to multiple locations or users. The capacity of the entire channel is shared between locations. Data is transmitted to every point in the network and is received by every receiver. Each receiver determines if the information is intended for it or not and processes it or discards it accordingly.

[62] Feedback Advisory
[63] Feedback Advisory

The global PtP and PtMP market was valued at **USD 7.4 billion** in FY 2025 and is expected to reach **USD 12.0 billion** by FY 32, growing at 7.2% CAGR during FY 25-32. The United States accounts for 45% of the market share followed by Europe with a 25% share.

The market in Asian countries, including India, is expected to grow fast over the next 4-5 years. Connecting the sparsely populated area is emerging as one of the main application areas, along with a dedicated communication channel for enterprises.

Figure 25: Global PtP and PtMP radio market, USD million[64]



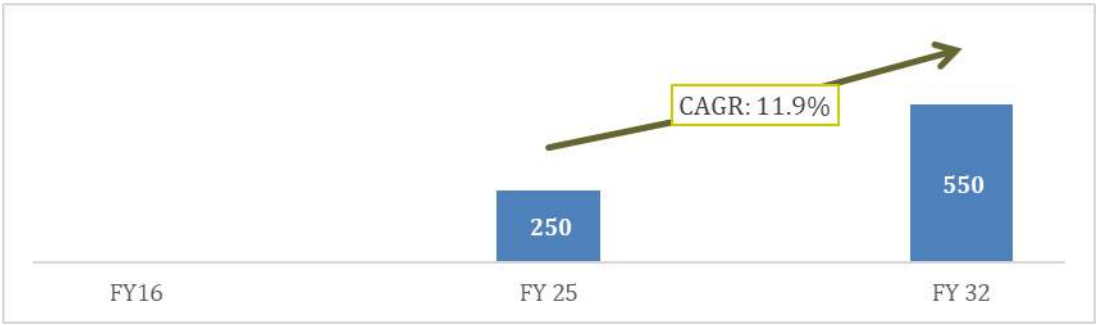
Global market for unlicensed band radio is valued at **USD 750 million** for FY 2025, with a CAGR growth of 3% annually during FY 25-32. HFCL's Addressable Market in P2MP segment is **USD 270 million**, and **USD 140 million** in P2P segment.

Key players in this segment:

- Radwin, Cambium, Mikrotik, Airspan, and Maksat technologies are the key players in this segment
- Other players include Vihaan Networks, Ubiquiti, Huwaei global, MIMOSA Networks, Huawei, Redline Communication, Intracom Telecom, Proxim Wireless, Netronics, LigoWave, etc.

The India PtP and PtMP market was valued at **USD 250 million** in FY 2025 and is expected to reach **USD 550 million** by FY 32, growing at 11.9 % CAGR during FY 25-32.

Figure 26: India PtP and PtMP radio market, USD million[65]



Mainly international companies are operating in this space and dominating the Indian market. Key players are - Radwin, Ubiquiti, Alvarion, Cambium, Maksat technologies, Vihaan Networks, MIMOSA Networks, Prima Technologies, Airspan

<u>Growth drivers:</u>

- The Indian government's ambitious project, BharatNet or NOFN, also looks at using the unlicensed airwaves to complement the existing fiber network. These airwaves come in handy, particularly, in cases like difficult and hilly terrains, where it becomes difficult to lay fiber.

[64] Cambium estimates and Feedback Analysis
[65] Feedback Analysis

- Wi-Fi hotspots in commercial, as well as urban areas to cater to the ever-increasing data requirements, require unlicensed spectrum and related equipment or UBRs, as it is difficult for telecom operators and ISPs to deploy more cellular infrastructure due to cost and spectrum resources.

- Smart Cities project is one more area where unlicensed spectrums are expected to see a demand. A Smart City will be based on the success of the internet of things (IOT) as multiple components like utilities, smart parking, lighting, surveillance etc., will be done automatically through the help of thousands of sensors. A robust network architecture is required to connect all building blocks of a Smart City, and it just can't solely rely on cellular or 4G networks, as in emergency situations, these tend to be jammed. Backhaul through small cells will form the backbone of the network.

Defence Electronics Equipment

Electronic Warfare (EW) & Tactical Communications

This segment, projected to reach **USD 7,000 million** in India by FY 2032, is the largest and fastest-growing domestic defense electronics market. The nearly three-fold higher CAGR in India (19.6%) versus the global average (5.7%) is a direct outcome of massive government investment in C4ISR and sophisticated EW systems. India is prioritizing self-protection EW Suites, such as the Shakti system for the Navy, and the establishment of robust, secure tactical networks across all three services.

Figure 27: Global Market - EW & Tactical Communications (USD million)

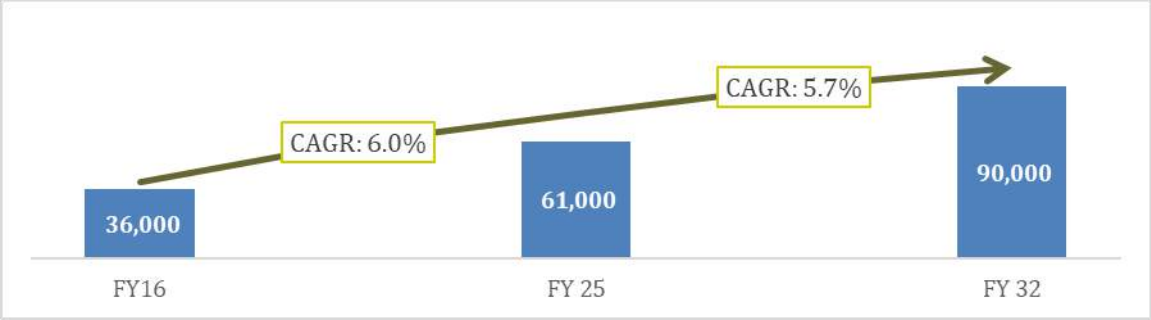


Figure 28: India Market - EW & Tactical Communications (USD million)



The technological requirements are highly aligned with the core competencies of the **Telecom Equipment Market**:

1. **Software Defined Radios (SDRs):** These are vital for creating secure, resilient communication networks for the Army, Navy, and Air Force. SDRs allow for real-time frequency hopping and configuration changes, ensuring communications resilience in highly contested electromagnetic environments. Their capability for high data rates and Mobile Ad hoc Network (MANET) functionality significantly enhances the secure, real-time coordination required for network-centric battlefields.[66]

[66] ADGPI

2. **High-Capacity Radio Relays (HCRRs):** These systems provide secure, high-speed tactical backhaul, offering up to 100 Mbps communication, which is essential for transmitting the vast quantities of data generated by modern sensors and C4ISR platforms.[8]

The field is highly competitive, featuring established PSUs like Bharat Electronics Limited (BEL), which supplies major EW and C4ISR systems (e.g., Samyukta), alongside major private sector players such as L&T Defence and Tata Advanced Systems Limited (TASL). Critically, specialized **Telecom Equipment Market** providers like **HFCL** have become significant players in the tactical communications sub-segment by indigenously developing SDRs and HCRRs and retaining IPR ownership, providing a competitive edge in securing large-scale communication network contracts.

HFCL solutions for defence i.e dedicated Multi-Protocol Label Switching (MPLS) Network, End-to-end solution for multiple hybrid microwave broadband radio links in remote area, Exclusive and dedicated nationwide dense wavelength-division multiplexing-based Optical transmission backbone network, GSM based Fiber Monitoring & Management System, offers unique positioning along with the product supply.

Electro-Optics/Infrared Systems (EO/IR)

The EO/IR segment includes thermal imagers, night vision devices, and precision targeting payloads. India's high CAGR of 10.4%—more than double the global rate of 4.9%—is driven by the urgent need for enhanced situational awareness along its extensive and challenging borders, particularly in high-altitude environments. This involves the procurement of advanced sensors for Unmanned Aerial Vehicles (UAVs), thermal weapon sights, and other components necessary for soldier modernization programs.

Figure 29: Global Market – Electro-Optics/ Infrared Systems (USD Mn)

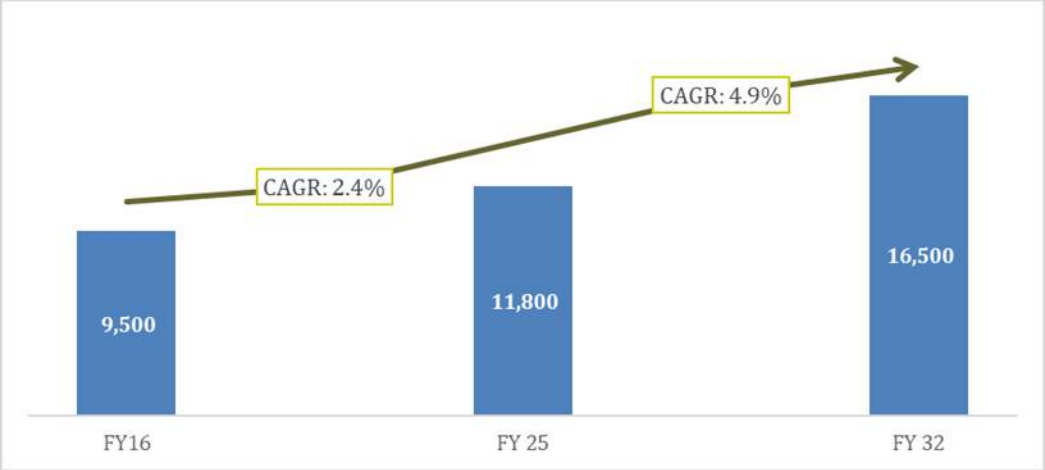
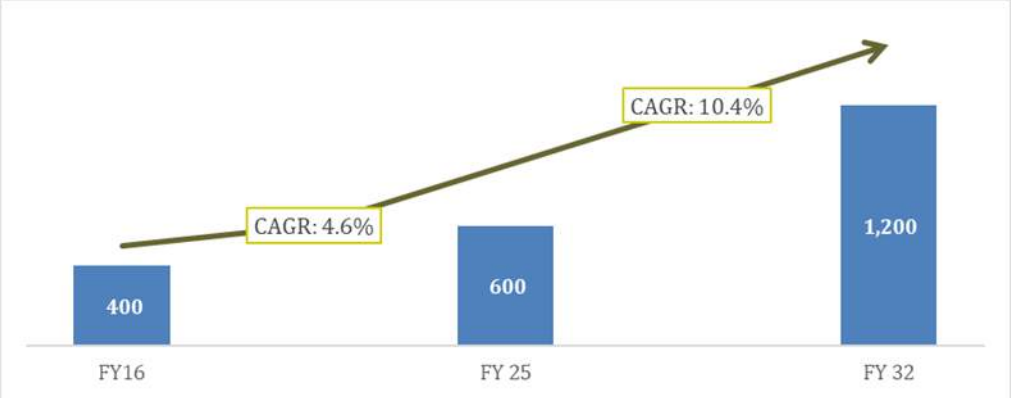


Figure 30: India Market – Electro-Optics/ Infrared Systems (USD million)



While primarily a sensor and precision optics market, its functionality is increasingly dependent on the resilience of the **Telecom Equipment Market** infrastructure. EO/IR systems rely heavily on robust tactical communication networks to reliably relay high-resolution surveillance and targeting data back to command centers in real time.

Domestic firms are focusing on highly specialized components, such as 12-micron Ti-core based thermal imaging technology, which offers superior precision and low power consumption.[67] The indigenous design and development of such precision electronics, previously dominated by a few global manufacturers, demonstrates the rising capacity of India's high-tech private sector.

Electronics Fuze & Ammunition

The Electronics Fuze & Ammunition market in India is projected to grow at a CAGR of 6.6%, exceeding the global rate of 4.4%. This growth is driven by the mandate to modernize India's vast inventory of artillery and missile systems. Electronic fuzes are critical, precision-engineered components that initiate the detonation sequence in ammunition. The shift from older mechanical fuzes to smart, electronic, and proximity-sensing fuzes ensures greater precision, reduced collateral damage, and multi-mode functionality, enhancing performance in critical environments like high-altitude operations.

Figure 31: Global Market – Electronics Fuze & Ammunition (USD million)

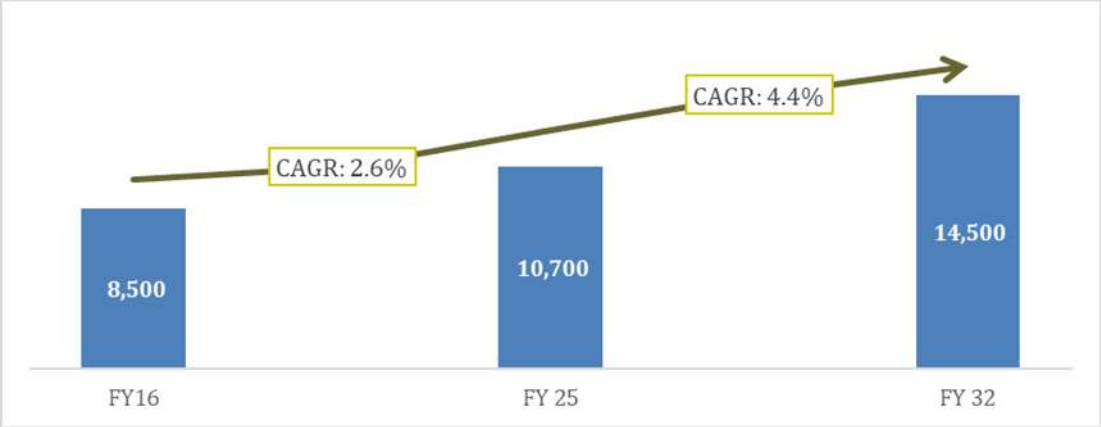
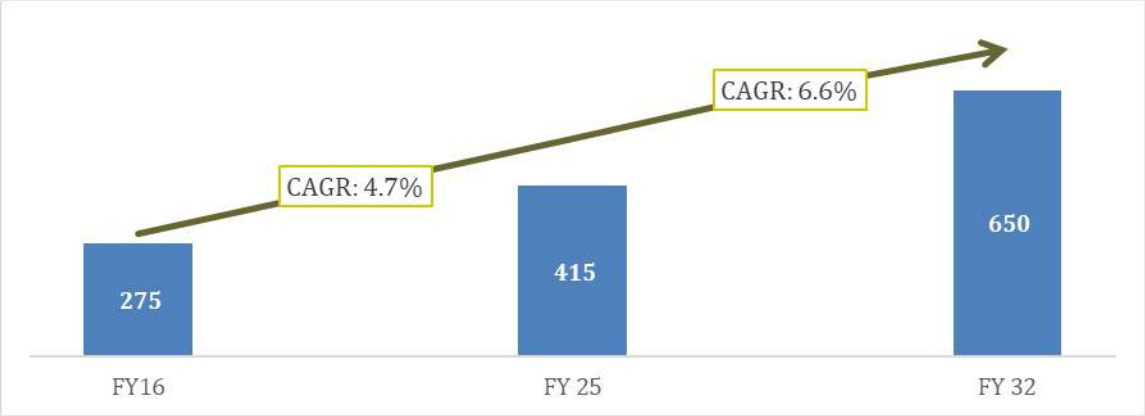


Figure 32: India Market – Electronics Fuze & Ammunition (USD million)



The strategic relevance of this segment lies in industrial capacity building. The sector is transitioning from dependence on Defense Public Sector Undertakings (DPSUs) to greater private sector participation. The successful indigenous design and development of electronic fuzes for artillery ammunition by firms like HFCL, coupled with the retention of Intellectual Property Rights (IPR), demonstrates that private companies from the high-tech electronics and precision manufacturing sphere can align perfectly with the Aatmanirbhar Bharat policy for critical component production.

[67] ADGPI

Emerging Domestic Telecom Equipment Providers

The successful pivot of key domestic firms validates the government's policy framework, proving that the Telecom Equipment Market can be rapidly leveraged to meet critical defense technology gaps, particularly in the high-growth tactical communications domain.

HFCL's Strategic Positioning

HFCL, a leading technology enterprise and provider of next-generation communication products, exemplifies the strategic transformation required by the 'Aatmanirbhar Bharat' mandate. The company has purposefully leveraged its expertise in speed networking, R&D, and commercial manufacturing agility to transition into a critical strategic defense supplier.[68]

Having own Intellectual Property Rights (IPR) for its indigenously designed defense products—such as Electronic Fuzes and Software Defined Radios (SDRs)is a critical factor for achieving strategic autonomy. own Intellectual Property Rights (IPR) with future TOT from DRDO and other partners, can enable HFCL to develop global quality products in this segment.

Tactical Communications & Networking (The Core Telecom Equipment Market Pivot)

HFCL's focus directly targets the highest-growth segment—EW and Tactical Communications. The indigenous development of Software Defined Radios (SDRs) and High-Capacity Radio Relays (HCRRs) positions the company as a pivotal component supplier for India's military infrastructure.

To meet the high projected demand, HFCL inaugurated an advanced defense equipment manufacturing facility in Hosur, Tamil Nadu, in late 2024. This facility demonstrates the necessary industrial scale required by the 75% domestic mandate, capable of producing up to 250,000 electronic fuzes and 1,000 units of high-capacity radio relays annually.[69] The HCRR systems developed there are designed to enable secure, high-speed communication up to 100 Mbps, incorporating crucial features like frequency hopping essential for secure and reliable long-range transmission in contested environments.[70]

Expanding into Precision Components

HFCL has also demonstrated its capability to enter precision defense segments outside of core networking. Its entry into the EO/IR segment with the indigenous design and development of a 12-micron Ti-core based Thermal Weapon Sight for the armed forces showcases its capacity for handling complex, precision electronics crucial for modern targeting systems and soldier modernization programs.[71] The company's product portfolio, which includes Electronic Fuzes and Ground Surveillance Radar[72], highlights a successful transition into a comprehensive, high-technology defense partner

[68] HFCL
[69] HFCL
[70] HFCL
[71] HFCL
[72] HFCL

OUR BUSINESS

Before making an investment in the Equity Shares, this section should be read in conjunction with the sections entitled "Risk Factors", "Industry Overview", and "Financial Statements" on pages 35, 100 and 206, respectively. This Preliminary Placement Document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements because of certain factors, including considerations described below and in the section titled "Forward-Looking Statements" on page 15.

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

Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. The financial information included in this section for Fiscal 2025, Fiscal 2024 and Fiscal 2023 has been extracted from our Audited Consolidated Financial Statements beginning on page 214. The financial information included in this section for the six months ended September 30, 2025 and September 30, 2024 has been extracted from our Unaudited Limited Reviewed Consolidated Financial Statements approved by the Board of Directors and limited reviewed by statutory auditors of the Company beginning on page 207.

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

Overview

We are a leading technology enterprise and provider of next-generation communication products, exemplifying the strategic transformation required by the 'Aatmanirbhar Bharat' mandate.(Source: *Feedback Advisory Report*). We provide an end-to-end portfolio of integrated next generation optical and data networking solutions for telecommunications, defence communication and railway communication. Our network services include OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, fibre to home ("**FTTH**") and in-building solutions as well as defence and railway communication networks. Our products and solutions are used by both private and public enterprises, including major Indian telecommunications companies, railway companies and the Indian defence forces. In addition, we export our products to enterprise and business customers in over 50 countries.

With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 58.22% and 41.78%, respectively, of our consolidated revenue from operations in six months ended September 30, 2025, and 60.88% and 39.11%, respectively, of our consolidated revenue from operations in Fiscal 2025. Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. In Fiscal 2025, were the number one supplier of OFC in the domestic market and have strategically positioned to capture the accelerating domestic and global OFC market opportunities by establishing ourselves as a fully integrated, product-focused manufacturer. *(Source: Feedback Advisory Report)*. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables, FTTH and IBR cables.

In addition to OFC, we have backward integration facilities for manufacture of optical fibre, aramid reinforced plastic ("**ARP**") rods, fibre reinforced plastic ("**FRP**") rods and impregnated glass fibre reinforcement ("**IGFR**") yarns.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. By the end of September 30, 2025 we installed over 2,25,000 kms of OFC. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio

solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as dedicated railway freight corridors in India.

As at September 30, 2025, we had seven operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Manesar (Haryana), two at Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as certified by our chartered engineers, PM Pai & Associates for Goa and Chand Kumar Bhatia for Hyderabad, Chennai & Hosur, of 32.71 million fkm of OFC; 11,07,000 ckm of FTTH cables; 28.00 million fkm of optical fibre; 6,23,500 km/annum of FRP; 6,77,800 km/annum of ARP; and 2,700 MT/annum IGFR as at September 30, 2025.

Our manufacturing and product offerings are also supported by three of our R&D centres in Gurugram, Bengaluru and Hyderabad. As on the date of this Preliminary Placement Document, we have a dedicated in house R&D team of 256 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. We have a number of products under development in telecommunications including new variants of Wi-Fi 6 and Wi-Fi 7 access points, global variants of the HFCL 5G outdoor FWA CPE, and in defence including drone detection radar and multi mode hand grenade. Our electronic fuses are NATO (North Atlantic Treaty Organization) certified resulting in access to a wider customer base among NATO countries. We have recently setup facility for manufacturing of defence products in Hosur (Tamil Nadu).

As at September 30, 2025, our Order Book was ₹ 9,980.74 crore (including advance purchase orders), of which 64.63% comprises large turnkey projects, 29.81% comprises product orders and 5.57 % comprises other product and services orders.

Key financial information

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

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

Particulars	Six months ended September 30, 2025 (Unaudited)	Six months ended September 30, 2024 (Unaudited)	Fiscal 2025 (audited)	Fiscal 2024 (audited)	Fiscal 2023 (audited)
Revenue from operations	1914.36	2251.85	4064.52	4465.05	4,743.31
Gross margin	634.99	656.89	1120.68	1244.61	1,264.40
Gross margin (%)	33.17%	29.17%	27.57%	27.87%	26.66%
EBITDA	246.30	357.19	506.75	682.13	665.86
EBITDA margin	12.87%	15.86%	12.47%	15.28%	14.04%
Profit after tax	42.62	183.98	173.26	337.52	317.71
PAT margin	2.23%	8.17%	4.26%	7.56%	6.70%
Capital expenditure	197.20	209.53	409.20	410.03	298.97
Operating cash flows	(43.60)	131.27	396.00	(44.87)	235.11
ROCE	3.18%[@]	5.91%[@]	7.69%	13.54%	15.67%
ROE	1.03%[@]	4.47%[@]	4.27%	9.45%	10.66%
Debt / equity ratio	0.37	0.28	0.33	0.24	0.24
Net debt / EBITDA ratio	6.30[@]	3.35[@]	2.65	1.43	1.12

[@]*Not annualised.*

Our Strengths

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

Poised to capitalise on opportunities in Telecom, Defence and Railways

Our strategy is to be positioned for the upcoming opportunities in telecommunications, defence and railways. According to Feedback Advisory, the Indian OFC market is valued at USD 1.38 billion in Fiscal 2025 and is expected to grow to reach USD 2.70 billion by Fiscal 2032. *(Source: Feedback Advisory Report).* The global 5G FWA market size is USD 8.50 billion in Fiscal 2025 and is expected to grow at a CAGR of 21.90% from Fiscal 2025 to Fiscal 2032; and the Indian 5G FWA market size is USD 460 million in Fiscal 2025 and is expected to grow at a CAGR of 11.70% from Fiscal 2025 to Fiscal 2032. *(Source: Feedback Advisory Report).* Likewise, the market opportunities in defence will as India plans to spend USD 78.80 billion in Fiscal Year 2025-2026 which

represents a 9.50% increase over the previous year and 13.50% of the total government expenditure. *(Source: Feedback Advisory Report).*

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

- Expanding our manufacturing capabilities;
- Extending our market reach;
- Building internal structures to focus on key specialization areas; and
- Improving our product mix to margin accretive own-designed products.
- It is our intention to continue to be an integral part of India's digital journey by participating in the major national projects planned by the GoI. We have successfully completed the implementation of the Punjab project under BharatNet Phase 2, which is a GoI initiative to connect villages with internet. Furthermore, our Company has recently secured a direct contract for the implementation of BharatNet Phase 3 in the Punjab circle. We intend to continue work with the GoI, PSUs and State Government agencies and companies to help achieve the GoI's "Digital India" goals.

During Fiscal 2025 and for the period ended September 30, 2025, Company has received the following major orders as enumerated below:

- *BharatNet Phase 3 Punjab Circle: We have been awarded an order amounting to Rs 2501.30 crores and are designing, supplying, constructing, installing, upgrading middle mile network and operating and maintaining of middle mile network of BharatNet Phase 3 in Punjab Telecom Circle.*
- *BharatNet Phase 3 UP East and UP West Circle: We have been awarded orders amounting to Rs 2235.65 crores by Rail Vikas Nigam Limited for supply of telecommunication & networking products of BharatNet Phase 3 for UP East and UP West circle*
- *Order for supply of Thermal Weapon Sights and tactical optical fibre cable*: Under Defence Products segment, we have been awarded a contract amounting to Rs 49.90 crores by Ministry of Defence (army), Government of India, for acquisition of 3,213 quantity of Night Sight (TI) for Assault Rifle (AK-203) along with Accessories under Buy (Indian – IDDM) category. Further to this, our subsidiary company have been awarded with orders amounting to Rs 100.75 crores and Rs 39.48 crores by Indian Army for supply of tactical Optical Fibre cable.
- *FWA CPE:* We have been awarded an order amounting to Rs 204.99 crores for manufacturing and supply of FWA CPEs
- *Optical Fibre Cable:* We have secured an export order aggregating to Rs 358.38 crore for supply of Optical Fibre Cable from an overseas customer

Further, we are an active participant in the GoI's "Make in India" campaign. In line with this policy, we manufacture OFC and electronic equipment for the telecommunications and defence. We also intend to avail ourselves of the potential benefits of the GoI's Preferential Market Access policy, under which indigenous manufacturers are given preference in procurement by Government agencies over foreign manufacturers.

Leading technology enterprise with diversified product offering and comprehensive network solutions

We are a leading technology enterprise and provider of next-generation communication products, exemplifying the strategic transformation required by the 'Aatmanirbhar Bharat' mandate. companies. We exemplify strategic alignment, with manufacturing lines in both telecom—such as Optical Fiber Cables and Routers for BharatNet—and defense—like Electronic Fuzes, Electro-Optics, Software Defined Radios, and High-Capacity Radio Relay systems. Additionally, we function as a project execution entity, creating and deploying digital networks for governments, telecom operators, and defense agencies. (*Source: Feedback Advisory Report*). Our products are used by both private and public enterprises, including major telecommunications companies and the Indian defense forces. Our expertise includes building integrated network solutions across the telecommunications, defense, railways and security & surveillance sectors. In Fiscal 2025, we were the number one supplier of OFC in the domestic market and have strategically positioned to capture the accelerating domestic and global OFC market opportunities by establishing ourselves as a fully integrated, product-focused manufacturer. *(Source: Feedback Advisory Report).*

Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of

telecommunication networks used in critical applications. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables, FTTH and IBR cables. In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, ARP, FRP and IGFR. Further, we produce a variety of telecommunication equipment for telecom including point-to-point and point-to-multipoint unlicensed band radios and Wi-Fi access points.

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

As of September 30, 2025, our product, system and network offerings include the following:

Optical Fiber/Optical Fibers Cables	Telecommunications Products and Solutions	Defence Electronic Products	Passive Connectivity Solutions	Wire Harness Portfolio
• Optical Fiber • Armoured and Unarmoured Cable • Micro Cable • Micro Module Cable • Ribbon Cable • FTTH Cable • IBR Cable	• Point to Point Unlicensed Band backhaul radio • Indoor & outdoor Wifi 5 and 6 access points and Indoor Wifi 7 access points • Unified Cloud based network management system • Ethernet L2/L3 switches • 5G Indoor and Outdoor FWA CPE • IP/MPLS Routers	• Thermal weapon Sights (TWS) • Thermal Imaging Core • Electronic fuses • High Capacity radio relay (HCRR) • Ground and Coastal Surveillance Radar	• Cable Assemblies • High Density Cabinets (FDMS) • Fiber Termination Box • Optical Splitters • Joint Closures • Aerial/ FTTH Accessories	• Aerospace and Defence Cable Assemblies • Automotive Cable Assemblies

(Source: Feedback Advisory Report).

Strong Diversified Order Book including Marquee Projects

As at September 30, 2025, our Order Book was ₹ 9,980.74 crore (including advance purchase orders), of which 64.63% comprises large turnkey projects, 29.81% comprises product orders and 5.57% comprises other product and services orders.

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

The following table summarizes our Order Book as at September 30, 2025.

Particulars Type of Project or Products	Outstanding as at September 30, 2025 (in ₹ crore)	Percentage of Total Order Book (%)
Telecommunications products and projects	8,443.46	84.60
Defense products and projects	1,164.40	11.67
Railway projects	372.88	3.74
Total	**9,980.74**	**100.00%**

The following summaries describe certain projects or orders, which are in our Order Book as at September 30, 2025

Telecommunications:

- *BharatNet Phase 3 Punjab Circle: We have been awarded an order for designing, supplying, constructing, Installing, upgrading middle mile network and operating and maintaining of middle mile, network of BharatNet Phase 3 for Punjab Telecom Circle.*
- *BharatNet Phase 3 UP East and UP West Circle: We have been awarded orders by Rail Vikas Nigam Limited for supply of telecommunication & networking products of BharatNet Phase 3 for UP East and UP West circle*
- *EPC contract from State Water and Sanitation Mission (SWSM):* We are implementing contract awarded by State Water and Sanitation Mission (SWSM) for providing EPC services including laying of Optical Fibre Cable and execution of rural water supply network in Varanasi.

Defence Products:

- *Order for supply of Thermal Weapon Sights and tactical optical fibre cable*: Under Defence Products segment, we have been awarded a contract by Ministry of Defence (army), Government of India, for acquisition of 3,213 quantity of Night Sight (TI) for Assault Rifle (AK-203) along with Accessories under Buy (Indian – IDDM) category.

Further, our subsidiary have been awarded with orders by Indian Army for supply of tactical Optical Fibre cable.

Telecommunication and Networking Products

- *FWA CPE:* We are manufacturing and supplying 2 lacs FWA CPEs to NeoLync Solutions Pvt Ltd.
- *Routers:* We are manufacturing and supplying different variants / configuration of Routers under BharatNet Phase 3 programme for Punjab, UP East, UP West, West Bengal, Andaman & Nicobar and Himachal Pradesh circle.
- *Optical Fibre Cable:* We have secured an export order aggregating to Rs 358.38 crore for supply of Optical Fibre Cable from an overseas customer

Defence

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

    - GIS Based Optical Fibre Cable Network Management System (GOFNMS): We have integrated a fibre network overlay with GIS maps, satellite images and commercial land base data for identification of fiber route layout .
    - IP/MPLS: We have procured, supplied, implemented, installed, commissioned, tested, optimized, trained, documented and maintained the converged nationwide IP/MPLS backbone with 219 X access networks and integrated IMS based communication solution on turnkey basis for defence network.
    - *Microwave broadband radio*: We are providing end-to-end solutions for a number of hybrid microwave broadband radio links. Further, the company is implementing the following projects under NFS program:

        - *DWDM based Optical Transmission Backbone Network:* We are planning, designing and implementing a nationwide IP backbone and access network for the Indian defense forces.
        - *Umbrella Network Management System:* We have been sub-contracted as part of this contract and the project is under execution phase.

Railway

- *Surat Metro Project: We are designing, manufacturing, supplying, Installing, Testing, Commissioning and setting up telecommunication systems for phase-I of the Surat Metro Rail Project.*

- *Delhi Metro Rail Corporation: We are designing, manufacturing, supplying, Installing, Testing and Commissioning the Fibre Optics Transmission System for 3 priority corridors of Phase IV project of Delhi MRTS.*
- *Kanpur and Agra Metro Rail:* We are setting up telecommunication systems for Kanpur and Agra Metro rail projects.

Long relationships with major stakeholders

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

- *Telecommunications*: BSNL
- *Railway*: Uttar Pradesh Metro Rail Corporation Limited; and
- *Defence*: OEM majors across the sector including aerospace.

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

We have a history of high customer retention from our customers and derive a significant proportion of our revenues from repeat business (defined as repeat business generated from a customer in the past three fiscal years) built on our successful execution of prior engagements. For example, we are supplying products and rendering services to BSNL since 1990-91 and the Ministry of Defence since 1997-1998.

Modern manufacturing infrastructure, equipment and technology

We have upgraded and continue to expand, our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. As at September 30, 2025, we have seven operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Manesar (Haryana), two at Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as at September 30, 2025, as certified by our chartered engineers, PM Pai & Associates for Goa and Chand Kumar Bhatia for Hyderabad, Chennai & Hosur, as follows:

- 32.71 million fkm of OFC;
- 11,07,000 ckm of FTTH cables;
- 28 million fkm of optical fibre;
- 6,23,500 km/annum of FRP;
- 6,77,800 km/annum of ARP; and
- 2,700 MT per annum of IGFR.

We are expanding our manufacturing capacity and adding new products lines. See, "*Our Strategy - Increasing Manufacturing Capabilities and backward integration*" on page 139. Our manufacturing is supported by three R&D Centres in Gurugram, Bengaluru and Hyderabad. As on the date of this Preliminary Placement Document, we have a dedicated in house R&D team of 256 employees We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. In the six months ended September 30, 2025 and Fiscal 2025, Fiscal 2024 and Fiscal 2023 our R&D expenditure (including our investment in R&D entities) was ₹ 63.66 crore, ₹177.44 crore, ₹233.05 crore, and ₹177.21 crore, respectively.

Healthy financial performance to support growth

We have built our business organically and have demonstrated a healthy financial performance and consistent growth in profitability. In the six months ended September 30, 2025 and Fiscal 2025, Fiscal 2024 and Fiscal 2023, our consolidated revenue from operations was ₹ 1,914.36 crore, ₹ 4,064.52 crore, ₹ 4,465.05 crore and ₹ 4,743.31 crore. Our consolidated revenue from exports as a percentage of consolidated revenue from operations has grown from 17.23% in Fiscal 2023, 11.21% in Fiscal 2024, 12.23% in Fiscal 2025 to 26.34% in six months ended September 30, 2025. In the six months ended September 30, 2025 and Fiscal 2025, Fiscal 2024 and Fiscal 2023, our EBITDA was ₹ 246.30 crores, ₹ 506.75 crore, ₹682.13 crore and ₹665.86 crore, respectively, while our

EBIDTA margins in the same periods were 12.87%,12.47%, 15.28% and 14.04%, respectively. In the six months ended September 30, 2025 and Fiscal 2025, Fiscal 2024 and Fiscal 2023, our profit after tax was ₹ 42.62 crore, ₹173.26 crore, ₹337.52 crore and ₹317.71 crore, respectively; and our profit after tax margins were 2.23%, 4.26%, 7.56% and 6.70%, respectively, for the same periods.

Our debt-to-equity ratio as of Sep 30, 2025, March 31, 2025, March 31, 2024, and March 31, 2023, was 0.37, 0.33, 0.24, and 0.24, respectively; and our debt was ₹ 1,551.67 crore, ₹1,341.06 crore, ₹977.26 crore and ₹748.31 crore, as of the same respective periods.

Our results have also benefited from our prudent capital allocation plans. In the six months ended September 30, 2025 and Fiscal 2025, Fiscal 2024 and Fiscal 2023, our capital expenditure was ₹ 197.20 crore,₹ 409.20 crore, ₹ 410.03 crore and ₹ 298.97 crore, respectively and our ROCE was 3.18%, 7.69%,13.54%and 15.67% , in the same respective periods.

Strong Promoter led management team with extensive experience

We believe that the experience, depth and diversity of our directors, management team and our Promoter have enabled our Company to be recognized as a customer centric, technology driven organization and to achieve our position as one of the leading OFC and telecom equipment companies in India. Our promoter and Managing Director of our Company, Mr. Mahendra Nahata, has been an executive director of our Company since September 28, 1990 to September 30, 1992 and, thereafter, continued on the Board as a director of our Company. Subsequently, he was appointed as a whole time director with effect from October 1, 1997 and our Managing Director since June 14, 2004. Mr. Nahata is supported by a talented management team. Our core management team is experienced in the telecommunications, defense and rail industries. The majority of our management team have spent more than 10 years with our Company and bring capabilities to enable us to understand and anticipate telecommunication market trends, manage our business operations and growth, leverage our customer relationships and respond to changes in technology in a rapidly changing environment. We intend to continue to leverage on the experience of our management team and their understanding of the telecommunications industry in order to take advantage of current and future market opportunities. For more information, see the sections entitled "*Board of Directors and Senior Management*" on page 144.

Our Strategy

The key elements of our business strategy are as follows:

Improving our product mix to margin accretive own-designed products

We aim to change our revenue mix over time towards margin accretive products through expanded capacity in the OFC, FTTH and IBR cable segment and the development of new telecommunications and defense electronics products. With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 58.22% and 41.78% respectively, of our consolidated revenue from operations in six months ended September 30, 2025, and 60.88% and 39.11% respectively, of our consolidated revenue from operations in Fiscal 2025. We intend to achieve this mix by increasing our manufacturing capabilities and high-level backward integration (as discussed below), expanding our R&D activities, growing our global reach and also by leveraging our well established and long-term relations with domestic and foreign customers. By altering our revenue mix, we expect access to new geographies (domestically and internationally), develop a more stable revenue flow and lower our working capital requirements.

Increasing Manufacturing Capabilities and backward integration

To provide us with a foundation to continue to grow our products business, we are expanding our manufacturing capabilities. We are in the process of expanding our Optical Fibre Cable capacities. The Board of Directors of the Company at its meeting held on July 11, 2025, approved the expansion of Intermittent Bonded Ribbon (IBR) cable capabilities, resulting in total OFC capacity of 42.36 mn fkm per annum on consolidated basis.

For further information, please see "*Risk Factors - Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.*" on page 37.

Expanding our global reach

As part of our initiative to build the product side of our business, we look to expand our reach and thereby increasing our exports to existing and new international markets. In six months ended September 30, 2025 and Fiscal 2024, we exported our products to over 50 countries. Some of the key geographies to which we export our products include the United States of America, United Kingdom, Germany, Poland, Denmark, Cyprus, France, Spain, Switzerland, Australia etc. During six months ended September 30, 2025, Fiscal 2025, Fiscal 2024 and Fiscal 2023, our sales from exports as a percentage of our consolidated revenue from operations were 26.34%,12.23%, 11.21% and 17.23% respectively.

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

Building new structures to focus on key specialization areas

As on the date of this Preliminary Placement Document, we have a dedicated in house R&D team of 256 employees, which includes 116 employees in the communications area, 84 employees in the 5G technologies area, 16 in the defence technologies area and 40 in the OFC & OF area.

We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. As of September30, 2025, some of our major products under development are set forth below.

Telecom:

- New Variants of Wi-Fi 6 and Wi-Fi 7 Access Points
- Global variants of Outdoor FWA CPEs

Defense:

- Drone Detection Radar
- Multi Mode Hand Grenades

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

ORGANISATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar ("**RoC**"). Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the RoC. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh consequent to the change of name of our Company. The CIN of our Company is L64200HP1987PLC007466. The Registered Office of our Company is situated at 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India. The Corporate Office of our Company is situated in 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India.

Changes in Registered Office

There has been no changes in the registered office of our Company since incorporation.

Our Subsidiaries

As on the date of this Preliminary Placement Document, our Company has 13 Subsidiaries (including 4 stepdown subsidiaries) as below:

Sr. No.	Name of subsidiary	Registered Address
Indian Subsidiaries		
1.	DragonWave HFCL India Private Limited	8, Commercial Complex, Masjid Moth, Greater Kailash-II, New Delhi 110048, India.
2.	HFCL Advance Systems Private Limited	8, Electronics Complex, Chambaghat, Solan-173213 Himachal Pradesh, India.
3.	HFCL Technologies Private Limited	3rd Floor, 8, Commercial Complex, Masjid Moth, Greater Kailash-II, New Delhi-110048, India.
4.	HTL Limited	G.S.T Road, Guindy, Chennai – 600032, Tamil Nadu.
5.	Moneta Finance Private Limited	8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh – 173 213, India.
6.	Polixel Security Systems Private Limited	D-7, Dhawandeep Appartment 6, Jantar Mantar Road, New Delhi – 110001, India.
7.	Raddef Private Limited	4th Floor, RMZ Galleria Office Block, Yelahanka Village, Bangalore Bellary Road, Yelahanka, Bangalore - 560064, Karnataka, India.
Foreign Subsidiaries		
1.	HFCL Inc. USA	a private limited company registered in Texas, United States of America, is a wholly owned subsidiary of our Company with effect from October 8, 2021, having its registered / mailing address at 1325 Main Street Suite #1404 Katy, TX 77494.
2.	HFCL B.V. Netherlands	a private limited company registered in Amsterdam, Netherlands is a wholly owned subsidiary of our Company with effect from October 7, 2021, having its registered / mailing address at HFCL B.V. Netherlands is De entrée 232, 1101EE, Amsterdam.
3.	HFCL Canada Inc	a private limited company registered in Ontario, Canada, is a wholly owned subsidiary of HFCL B.V. with effect from October 26, 2023 and a step down wholly owned subsidiary of our Company, having its registered / mailing address at 1330 Plank Road Sarnia, Ontario Canada N7T 7H3.
4.	HFCL Poland Sp. z.o.o. (*formerly known as Blue Diwali Sp. z.o.o*)	a private limited company registered in Warsaw, Poland, is a wholly owned subsidiary of HFCL B.V. with effect from May 17, 2024 and a step down wholly owned subsidiary of our Company, having its registered / mailing address at Chmielna, No. 2, Lok. 31, Post code 00-020 Warsaw, Poland.
5.	HFCL UK Limited	a private limited company registered in the United Kingdom, is a wholly owned subsidiary of HFCL B.V. with effect from July 5, 2024 and a step down wholly owned subsidiary of our

Sr. No.	Name of subsidiary	Registered Address
		Company, having its registered / mailing address at 20 Layburn Crescent, Langley Slough, Post code SL38QN, England.
6.	HFCL Pty Limited	a private limited company registered in New South Wales, Australia, is a wholly owned subsidiary of HFCL B.V. with effect from October 28, 2024 and a step down wholly owned subsidiary of our Company, having its registered / mailing address at Suite 703, 180-186 Burwood Road, Burwood NSW 2134, Australia.

Holding Company

As on the date of this Preliminary Placement Document, our Company does not have a holding company

Our Associates

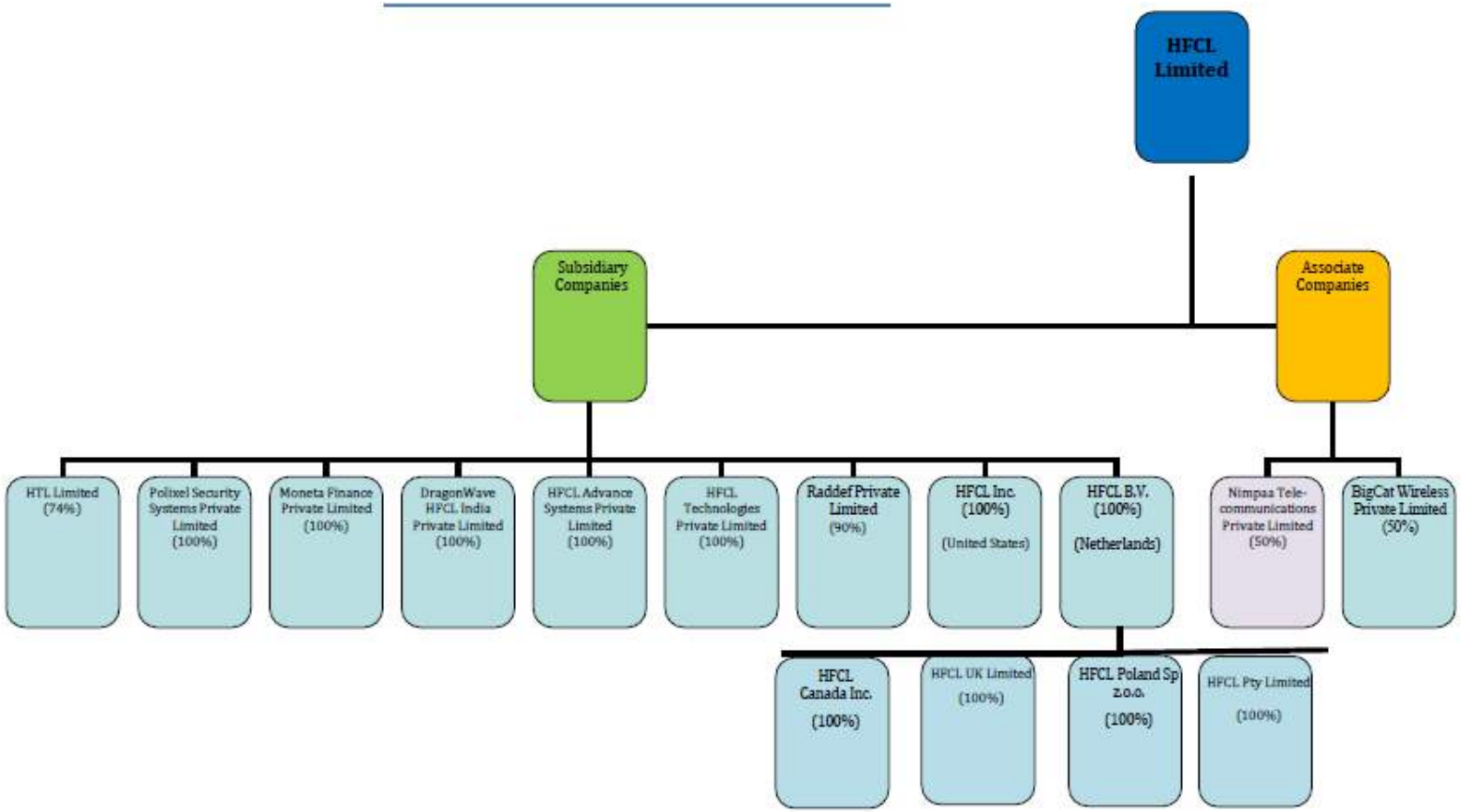
As on the date of this Preliminary Placement Document, our Company has two associate companies as below:

Sr. No.	Name of subsidiary	Registered Address
1.	Nimpaa Telecommunications Private Limited	Old Door No.9 & 9A, New Door No.17, & 19, Second floor, Valmiki Street, Thygarayanagar, Chennai, Tamil Nadu 600017
2.	BigCat Wireless Private Limited	Module E8-06, Eighth Floor- Block E, IIT Madras Research Park, Kanagam Road, Taramani Chennai City Corporation, Tamil Nadu – 600113, India

Joint Ventures

As on the date of this Preliminary Placement Document, our Company does not have any joint ventures.

The organisational structure of our Company as on the date of this Preliminary Placement Document is as follows:



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board of Directors is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles of Association of our Company. The Articles of Association of our Company provide that the number of Directors in our Company shall not be less than three Directors and not more than fourteen Directors, unless otherwise determined by the Company in a general meeting.

As on the date of this Preliminary Placement Document, our Company has six Directors, which includes a Managing Director, two Non-Executive Directors and three Independent Directors (including a woman Independent Director).

The following table sets forth details regarding the Board as on the date of this Preliminary Placement Document:

Sr. No.	Name, address, occupation, term and DIN	Age (in years)	Designation
1.	**Mahendra Nahata** *Address:* W-48, Greater Kailash, Part-II, New Delhi – 110 048, Delhi, India *Occupation*: Business *Term:* For a period of three years, with effect from October 1, 2024 to September 30, 2027 *DIN:* 00052898	66	Executive Director Managing Director
2.	**Arvind Kharabanda** *Address*: E-171, East of Kailash, New Delhi – 110 065, Delhi, India *Occupation*: Professional *Term:* Liable to retire by rotation *DIN:* 00052270	78	Non-Executive Director
3.	**Ranjeet Mal Kastia** *Address:* A-147, First Floor, New Friends Colony, New Delhi – 110 025, Delhi, India *Occupation*: Professional *Term*: Liable to retire by rotation *DIN*: 00053059	84	Non-Executive Director
4.	**Bela Banerjee** *Address:* Flat No. 1809, Brahmaputra Apartments, Sector-29, Noida-201 303 (U.P.) *Occupation:* Professional *Term:* For a period of three years with effect from December 17, 2024 up to December 16, 2027. *DIN:* 07047271	75	Independent Director
5.	**Bharat Pal Singh** *Address:* Flat No. 902, Chembur Castle, Ghatla (N B Patil Marg), Opposite Tina Bliss Society, Chembur East, Mumbai – 400 071	73	Independent Director

Sr. No.	Name, address, occupation, term and DIN	Age (in years)	Designation
	Occupation: Retired *Term:* For a period of three years, with effect from January 21, 2023 to January 20, 2026 *DIN:* 00739712		
6.	**Ajai Kumar** *Address:* A 601, Celestia Spaces, Tokersey Jivaraj road, Sewree west, Mumbai - 400015 Occupation: Professional *Term:* For a period of three years with effect from November 25, 2024 to November 24, 2027. *DIN:* 02446976	72	Independent Director

Brief profiles of our Directors

Mahendra Nahata is the Managing Director and Promoter of our Company. He has been associated with our Company since incorporation. He is also on the board of various companies amongst others including Reliance Jio Infocomm Limited, HTL Limited, HFCL Technologies Private Limited, Krishiv Ventures Private Limited and MN Ventures Private Limited.

Arvind Kharabanda is a Non-Executive Director of our Company. He has been associated with our Company since October 31, 2004. He is also on the board of various companies amongst others including Indiasign Private Limited, My Box Technologies Private Limited, HFCL Advance Systems Private Limited and Rajasthan Antibiotics Limited and DragonWave HFCL India Private Limited.

Ranjeet Mal Kastia is a Non-executive Director of our Company. He has been associated with our Company since February 7, 1996. He is currently on the board of various companies amongst others including Moneta Finance Private Limited, Cosmic Associates Private Limited, HCP Plastene Bulkpack Limited and DragonWave HFCL India Private Limited.

Bela Baneerjee is an Independent Director on the Board of our Company. She has been associated with our Company since December 17, 2024. She is currently on the board of various companies amongst others including HTL Limited and Adhunik Power & Natural Resources Limited.

Bharat Pal Singh is an Independent Director of our Company. He has been associated with our Company since January 21, 2020.

Ajai Kumar is an Independent Director of our Company. He has been associated with our Company since November 25, 2021. He is also on the board of various companies including amongst others Adani Petronet (Dahej) Port Limited, Sammaan Asset Management Limited, Can Fin Homes Limited, IOT Utkal Energy Services Limited, Amar Ujala Limited and Nucleus Office Solutions Limited.

Terms of appointment of our Managing Director

Mahendra Nahata, Managing Director

Mahendra Nahata has been associated with our Company as a Director since incorporation. Pursuant to a resolution of our Board dated September 02, 2024 and a resolution of our Shareholders dated September 30, 2024, he was re-appointed as the Managing Director of our Company with effect from October 1, 2024 for a period of three years until September 30, 2027.The following table sets forth the terms of re-appointment of Mahendra Nahata and the remuneration payable to him as the Managing Director:

Sr. No.	Category	Remuneration
1.	Salary, Perquisites and Allowances	7.50 crores per annum
2.	Remuneration based on net profit	Mr. Mahendra Nahata, Managing Director shall be entitled to receive remuneration based on net profits calculated in accordance with the provisions of Section 198 of the Act, which will be determined by the Board and/or the NRC Committee, subject to the conditions that such payment shall be within the overall ceiling of the remuneration permissible under the Act, with a maximum limit of Rs 5 crores per annum.
3.	Perquisites and allowances	The perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependants; medical insurance and such other perquisites and/or allowances. The Perquisites and Allowances, as aforesaid, shall be evaluated, wherever applicable, as per the provisions of the Income Tax Act, 1961 read with rules thereunder including any statutory modification(s) or re-enactment thereof. In the absence of any such rules, Perquisites and Allowances shall be evaluated at actual cost. Further, he shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on his overall remuneration: **(i)** contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961; **(ii)** gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and **(iii)** encashment of leave at the end of his current tenure. The increment in the Salary, Perquisites and Allowances as may be determined by the Board and/or the NRC Committee of the Board is not to be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payments shall be within the overall ceiling of remuneration permissible under the Act.
4.	Others	Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips, provision of cars for use on the Company's business, telephone expenses at the residence and club memberships shall be reimbursed and not considered as the perquisites.

Sitting fees to Independent Directors

Pursuant to the resolution of the Board dated May 02, 2024, our Non-Executive Directors and Independent Directors are entitled to receive a sitting fee of ₹ 75,000.00 for attending each meeting of our Board and/or its committees.

Remuneration of Directors

Executive Director:

The table below sets forth the details of the remuneration paid to our Managing Director for the six month period ended September 20, 2025 and the last three Fiscals:

(₹ *in crores*)

Name	As on September 30, 2025 *	Fiscal 2025	Fiscal 2024	Fiscal 2023
Mahendra Nahata	3.70	7.50	9.80	6.80

**From April 1, 2025 to September 30, 2025*

Independent Directors and Non-Executive Directors:

The table below sets forth the details of directors' fees and commission paid to our Independent Directors and Non-Executive Directors, on a consolidated basis, for the six month period ended September 30, 2025 and the last three Fiscals:

(₹ *in crores*)

Name	Fiscal 2026*	Fiscal 2025	Fiscal 2024	Fiscal 2023
Arvind Kharabanda	0.12	0.20	0.20	0.16
Ranjeet Mal Kastia [$]	0.08 [@]	0.13 [@]	0.13 [@]	0.10 [@]
Surendra Singh Sirohi	NA [#]	0.04	0.10	0.10
Tamali Sen Gupta[$]	0.01[@@]	0.10 [@@]	0.13[@@]	0.09[@@]
Bharat Pal Singh	0.08	0.14	0.13	0.10
Bela Banerjee[$]	0.08 [##]	0.04 [##]	NA	NA
Ajai Kumar	0.08	0.10	0.05	0.04

**From April 1, 2025 to September 30, 2025.*

$ Director in both HFCL Limited and HTL Limited. Sitting fees included above is w.r.t both HFCL Limited and HTL Limited

Mr. Surendra Singh Sirohi ceased to be director w.e.f. August 27, 2024

@Includes sitting fees paid by the Company amounting to Rs. 9,00,000 (.09 Crore), Rs. 10,50,000 (0.11 Crore), Rs. 11,00,000 (0.11 Crore), Rs. 7,50,000 (0.08 Crore) and sitting fees paid by HTL Limited, one of its subsidiaries, amounting to Rs. 82,500 (0.01 Crore), Rs. 2,55,000 (0.03 Crore), Rs. 2,25,000 (0.02 Crore) and Nil in Fiscal 2023, 2024, 2025 and September'2025 respectively. Mr. Ranjeet Mal Kastia ceased to be director in HTL Limited w.e.f. May 13, 2025.

@@ Includes sitting fees paid by the Company amounting to Rs. 8,50,000 (0.09 Crore), Rs. 10,50,000 (0.11 Crore), Rs. 7,50,000 (0.08 Crore), Nil and sitting fees paid by HTL Limited, one of its subsidiaries, amounting to Rs. 67,500 (0.01 Crore), Rs. 2,55,000 (0.03 Crore), Rs. 2,10,000 (0.02 Crore) and 75,000 (0.01 Crore) in Fiscal 2023, 2024, 2025 and September'2025 respectively. Ms. Tamali Sengupta ceased to be director w.e.f. December 24, 2024 from HFCL Limited.

Includes sitting fees paid by the Company amounting to Rs. 3,75,000 (0.04 Crore), Rs. 7,50,000 (0.08 Crore) and sitting fees paid by HTL Limited, one of its subsidiaries, amounting to Nil, Rs. 15,000 (0.00 Crore) in Fiscal 2025 and September'2025 respectively. Ms, Bela Banerjee is appointed as Independent Director in HFCL Limited and HTL Limited .w.e.f. December 17, 2024 and June 10, 2025 respectively.

Shareholding of Directors

Except as stated below, none of the Directors hold any Equity Shares in our Company as on the date of this Preliminary Placement Document:

Name of Director	Number of Equity Shares held	Percentage of paid-up Equity Share capital (in %)
Mahendra Nahata	13,35,091	0.09

Relationship between our Directors

None of the Directors of our Company are related to each other.

Borrowing powers of the Board

Our Company has, pursuant to board resolution dated September 02, 2024 and a special resolution passed by the Shareholders dated September 30, 2024, passed under Section 180(1)(c) of the Companies Act, 2013, subject to provisions of our Articles of Association and applicable laws, authorised the Committee of Directors (Banking Operation) of our Board to avail various credit facilities from banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts etc., from time to time, subject to the overall limit the outstanding of which should not exceed ₹ 8,000 crores, at any point of time and to create security on the assets of the Company therefore to that extent and to execute necessary agreements, and other documents in connection therewith.

Interest of Directors

Our Directors may be deemed to be interested to the extent of remuneration, fees and commission, if any, payable to them for attending Board or Board Committee meetings and commission as well as to the extent of reimbursement of expenses payable to them. Further, our Managing Director may be deemed to be interested to the extent of remuneration paid to him for services rendered by him.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or held by or that which may be subscribed by or allotted to their relatives or the companies, firms or trusts, in which they are interested as directors, members, partners, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefits arising out of such holding.

Except Mahendra Nahata, who is also Promoter of our Company, none of our Directors have any interest in the promotion or formation of our Company.

Except as provided in "*Related Party Transactions*" on page 97, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Preliminary Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details relating to contracts, agreements or arrangements entered into by our Company during the last three Fiscals, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements and for other interest of Directors in respect to the related party transactions, during the last three Fiscals, see "*Related Party Transactions*" on page 97.

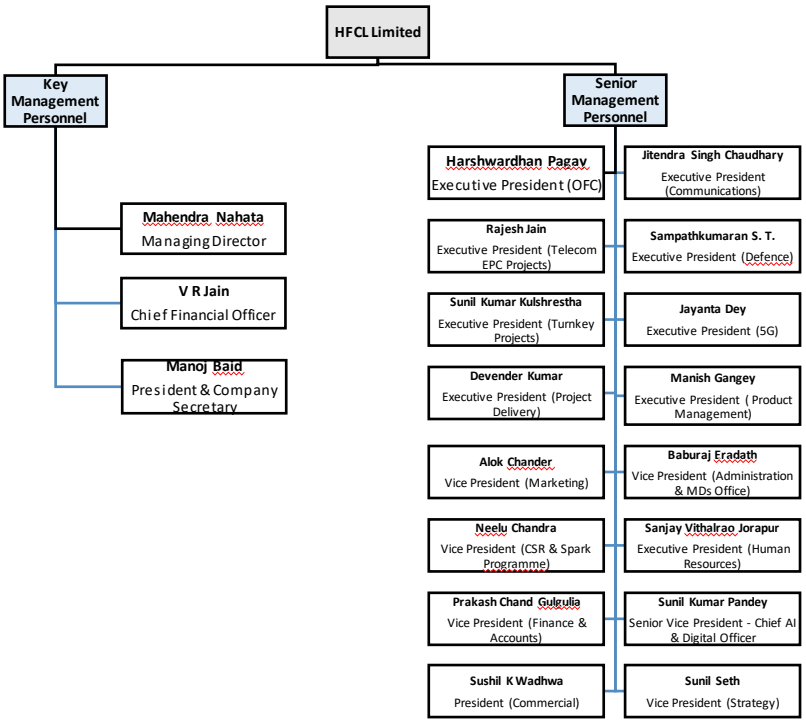
Bonus or profit-sharing plan of the Directors

Except as disclosed in "– *Terms of Appointment of our Managing Director*" on page 145, our Company does not have any bonus or profit-sharing plan with the Directors.

Service contracts with Directors

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

Management Organisation Structure



Corporate Governance

The Board of Directors presently consists of six Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors has three Independent Directors (including a woman Independent Director). Our Company is currently in compliance with the corporate governance requirements including the constitution of Board and committees thereof, as prescribed under the Companies Act and SEBI Listing Regulations.

Committees of Board of Directors

The Board of Directors have constituted committees, which function in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations. The following table sets forth the members of the aforesaid committees as of the date of this Preliminary Placement Document:

Committee	Members
Audit Committee	Bharat Pal Singh *(Chairman)*, Ajai Kumar, Bela Banerjee and Arvind Kharabanda
Nomination, Remuneration and Compensation Committee	Ajai Kumar (Chairman) Bharat Pal Singh and Arvind Kharabanda
Stakeholders Relationship Committee	Arvind Kharabanda *(Chairman)*, Ranjeet Mal Kastia and Bela Banerjee
Corporate Social Responsibility Committee	Mahendra Nahata *(Chairman)*, Ajai Kumar and Bharat Pal Singh
Risk Management Committee	Mahendra Nahata *(Chairman)*, Arvind Kharabanda and Bharat Pal Singh

Key Managerial Personnel and Senior Management

The following are our Company's Key Managerial Personnel and Senior Managerial Personnel:

In addition to Mahendra Nahata, our Managing Director, whose details are set out in "- *Brief profiles of our Directors*" on page 145, the details of our other Key Managerial Personnel are given below:

Manoj Baid is the President and Company Secretary, acting as the Compliance Officer of our Company. He has been associated with the Company as a company secretary since October 31, 2006. He has a bachelor's degree in commerce from Ajmer University and is a fellow member of the Institute of Company Secretaries of India. He has experience in the field of merger, corporate restructuring, takeover, fund raising, public listing and joint ventures.

Vijay Raj Jain is the Group Chief Financial Officer of our Company. He has been associated with the Company since July 15, 2011. He is a member of the Institute of Chartered Accountants of India and has passed the final examination held by the Institute of Company Secretaries of India. He has experience in the field of financial management and controls, managing and raising fund for business expansion and managing working capital requirements.

In addition to the details of Manoj Baid, our President and Company Secretary, acting as the Compliance Officer, and Vijay Raj Jain, our Group Chief Financial Officer, whose details are set out in "- *Key Managerial Personnel*" on page 149, the details of our Senior Managerial Personnel are given below:

Name	Designation
Sunil Kumar Kulshrestha	Executive President – Turnkey Projects
Baburaj Eradath	Vice President - Administration & MDs Office
Jitendra Singh Chaudhary	Executive President - Communications
Neelu Chandra	Vice President - CSR & Spark Programme
Devender Kumar	Executive President - Project Delivery
Jayanta Dey	Executive President - 5G
Rajesh Jain	Executive President - Telecom EPC Projects
Harshwardhan Pagay	Executive President – OFC
Sushil K Wadhwa	President – Commercial
Sanjay Vithalrao Jorapur	Executive President - Human Resource
Alok Chander	Vice President - Marketing
Manish Gangey	Executive President - Product Management
Prakash Chand Gulgulia	Vice President - Finance & Accounts
Sunil Seth	Vice President - Strategy
Sunil Kumar Pandey	Senior Vice President - Chief AI & Digital Officer
Sampathkumaran S.T.	Executive President - Defence

Mahendra Nahata, Manoj Baid and Vijay Raj Jain are Key Managerial Personnel in terms of the Companies Act, 2013.

All Key Managerial Personnel and Senior Managerial Personnel are permanent employees of our Company.

Relationship between Key Managerial Personnel and Senior Managerial Personnel

None of the Key Managerial Personnel and Senior Managerial Personnel of our Company are related to each other.

Bonus or profit-sharing plan of the Key Managerial Personnel and Senior Managerial Personnel

Except as disclosed in "- *Terms of Appointment of our Managing Director*" on page 145, our Company does not have any bonus or profit-sharing plan with the Key Managerial Personnel or Senior Managerial Personnel.

Service Contracts with Key Managerial Personnel or Senior Managerial Personnel

Our Key Managerial Personnel and Senior Managerial Personnel have not entered into any service contracts with our Company pursuant to which our Key Managerial Personnel and Senior Managerial Personnel are entitled to benefits upon termination / retirement of employment. Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Key Managerial Personnel and Senior Managerial Personnel is entitled to any benefit upon termination of employment.

Interest of Key Managerial Personnel and Senior Managerial Personnel

The Key Managerial Personnel and Senior Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration, benefits and stock options to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependents in our Company, if any and except as disclosed above in relation to our Managing Director above and in "*Related Party Transactions*" on page 97.

Shareholding of our Key Managerial Personnel and Senior Managerial Personnel

Except as stated below, none of the Key Managerial Personnel and Senior Managerial Personnel hold any Equity Shares / convertible warrants in our Company as on the date of this Preliminary Placement Document:

Sr. No.	Name of Director/KMP, SMP	Number of Equity Shares held	Percentage of paid-up Equity Share capital (In %)
1.	Mahendra Nahata	13,35,091	0.09
2.	Vijay Raj Jain	15,00,000	0.10
3.	Harshwardhan Pagay	7,02,000	0.05
4.	Jitendra Singh Chaudhary	6,75,600	0.05
5.	Neelu Chandra	1,71,600	0.01
6.	Sunil Kumar Kulshrestha	1,53,862	0.01
7.	Manoj Baid	3,39,000	0.02
8.	Prakash Chand Gulgulia	84,000	0.01
9.	Rajesh Jain	2,20,000	0.02
10.	Sunil Seth	500	Negligible
11.	Devender Kumar	1,98,886	0.01
12.	Jayanta Dey	2,00,000	0.01
13.	Sushil K Wadhwa	2,00,000	0.01
14.	Sampathkumaran S.T.	3,275	Negligible

Other confirmations

1. Except as otherwise stated above in *"– Interest of our Directors*" and *"– Interest of Key Managerial Personnel and Senior Managerial Personnel",* none of the Directors, Promoters, Key Managerial Personnel, or Senior Managerial Personnel of our Company has any financial or other material interest in the Issue.
2. Our Promoters, Directors and Key Managerial Personnel, or Senior Managerial Personnel did not participate in the Issue.
3. Neither our Company, nor any of our Directors or Promoters have been declared as a Wilful Defaulter in the last ten years.
4. None of our Directors or Promoters have been declared as a 'fraudulent borrower' by lending banks or financial institutions or consortiums.
5. Neither our Company, nor our Directors or Promoter are currently debarred from accessing capital markets under any offence under any order or direction made by SEBI.
6. None of our Directors or Promoters have been declared as a Fugitive Economic Offender.
7. No change in control in our Company will occur consequent to the Issue.
8. No loans have been availed or extended by our Directors, Key Managerial Personnel or Senior Managerial Personnel from, or to, our Company or the Subsidiaries.

9. As on the date of this Preliminary Placement Document, there are no outstanding options granted to our Directors or Key Managerial Personnel or Senior Managerial Personnel under the HFCL Plan 2017.

For details of our Company's ESOP Scheme, see "*Capital Structure – Employee Stock Option Plan*" on page 95.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to formulate and implement a code of internal practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct namely, the HFCL Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, Manoj Baid, our President and Company Secretary, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

I. **The following table sets forth the details of the shareholding pattern of our Company, as on September 30, 2025:**

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Reciepts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI)=(VII+X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
								No of Voting Rights			Total as a % of (A+B+C)			No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
								Class X	Class Y	Total												
A	Promoter & Promoter Group*	8	43,30,44,594	-	-	43,30,44,594	30.02	43,30,44,594	-	43,30,44,594	30.02	43,30,44,594	30.02	1,00,00,000	2.31	50,00,000	1.15	24,15,48,750	55.78	24,65,48,750	56.93	43,30,44,594
B	Public	8,69,433	1,00,90,61,318	-	-	1,00,90,61,318	69.94	1,00,90,61,318	-	1,00,90,61,318	69.94	1,00,90,61,318	69.94	-	-	-	-	-	-	-	-	1,00,85,94,568
C	Non Promoter-Non Public	1	5,66,900	-	-	5,66,900	-	5,66,900	-	5,66,900	0.04	5,66,900	-	-	-	-	-	-	-	-	-	5,66,900
C1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2	Shares held by Employee Trusts	1	5,66,900	-	-	5,66,900	0.04	5,66,900	-	5,66,900	0.04	5,66,900	0.04	-	-	-	-	-	-	-	-	5,66,900
	Total	8,69,442	1,44,26,72,812	-	-	1,44,26,72,812	100	1,44,26,72,812	-	1,44,26,72,812	100	1,44,26,72,812	100	1,00,00,000	0.69	50,00,000	0.35	24,15,48,750	16.74	24,65,48,750	17.09	1,44,22,06,062

**Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited were Promoters of the Company as on September 30, 2025. Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited have merged with a member of our Promoter Group entity, Satellite Finance Pvt Ltd pursuant to the scheme of amalgamation dated July 8, 2024 effective from November 25, 2025.*

II. **Statement showing shareholding pattern of our Promoters and Promoter Group:**

The following table sets forth the details in relation to the shareholding pattern of our Promoters and Promoter Group as on Septemebr 30, 2025:

Category (I)	Category of shareholder (II)	Entity type	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Recipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (X) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI) = (VII + X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
									No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
									Class X	Class Y	Total														
1	Indian	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a	Individuals/Hindu undivided Family	-	3	19,80,591	-	-	19,80,591	0.14	19,80,591	-	19,80,591	0.14	-	19,80,591	0.14	-	-	-	-	2,39,700	12.1	2,39,700	12.1	19,80,591
	ANANT NAHATA	Promoter	1	6,45,000	-	-	6,45,000	0.04	6,45,000	-	6,45,000	0.04	-	6,45,000	0.04	-	-	-	-	2,39,700	37.16	2,39,700	37.16	6,45,000
	MAHENDRA NAHATA	Promoter	1	13,35,091	-	-	13,35,091	0.09	13,35,091	-	13,35,091	0.09	-	13,35,091	0.09	-	-	-	-	-	-	-	-	13,35,091
	JAI KUMAR CHORARIA	Promoter Group	1	500	-	-	500	-	500	-	500	-	-	500	-	-	-	-	-	-	-	-	-	500
	ABHINAV OSWAL	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	AARIV NAHATA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	KAMAL OSWAL	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	KRISHIV NAHATA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MANISHA OSWAL	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NEHA NAHATA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	PRIYANKA SANGHI	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	PUSHPA DEVI MALOO	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RISHABH OSWAL	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	DHANPAT SINGH CHORARIA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	KANCHAN DEVI CHORARIA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Entity type	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Recipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (X) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI) = (VII + X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
									No of Voting Rights																
									Class X	Class Y	Total	Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
	BIJAY KUMAR CHORARIA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	DHANPAT SINGH CHORARIA HUF	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	JAI KUMAR CHORARIA HUF	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	BIJAY KUMAR CHORARIA HUF	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MAHENDRA NAHATA HUF	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Any Other (specify)	-	5	43,10,64,003	-	-	43,10,64,003	29.88	43,10,64,003	-	43,10,64,003	29.88	-	43,10,64,003.00	29.88	1,00,00,000	2.32	50,00,000	1.16	24,13,09,050	55.98	24,63,09,050	57.14	43,10,64,003
	Bodies Corporate	-	5	43,10,64,003	-	-	43,10,64,003	29.89	43,10,64,003	-	43,10,64,003	29.89	-	43,10,64,003.00	29.89	1,00,00,000	4.69	50,00,000	2.35	24,13,09,050	118.5	24,63,09,050	120.85	43,10,64,003
	MN VENTURES PRIVATE LIMITED	Promoter	1	21,30,77,202	-	-	21,30,77,202	14.77	21,30,77,202	-	21,30,77,202	14.77	-	21,30,77,202.00	14.77	1,00,00,000	4.69	50,00,000	2.35	12,15,78,900	57.06	12,65,78,900	59.41	21,30,77,202
	NEXTWAVE COMMUNICATIONS PRIVATE LIMITED	Promoter	1	19,48,65,000	-	-	19,48,65,000	13.51	19,48,65,000	-	19,48,65,000	13.51	-	19,48,65,000.00	13.51	-	-	-	-	11,97,30,150	61.44	11,97,30,150	61.44	19,48,65,000
	FITCORE TECH-SOLUTIONS PRIVATE LIMITED	Promoter	1	2,21,50,000	-	-	2,21,50,000	1.54	2,21,50,000	-	2,21,50,000	1.54	-	2,21,50,000.00	1.54	-	-	-	-	-	-	-	-	2,21,50,000
	VINSAN BROTHERS PRIVATE LIMITED*	Promoter	1	6,71,600	-	-	6,71,600	0.05	6,71,600	-	6,71,600	0.05	-	6,71,600.00	0.05	-	-	-	-	-	-	-	-	6,71,600
	SHANKAR SALES PROMOTION	Promoter	1	3,00,201	-	-	3,00,201	0.02	3,00,201	-	3,00,201	0.02	-	3,00,201.00	0.02	-	-	-	-	-	-	-	-	3,00,201

Category (I)	Category of shareholder (II)	Entity type	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Recieipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (X) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI) = (VII + X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
									No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
									Class X	Class Y	Total														
	PRIVATE LIMITED*																								
	ABHILASH GROWTH FUND PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	ABROTEX APPARELS PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	ATAM VALLABH FINANCIERS LTD.	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	BHUBANESHWAR LOGIPARK PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	CENTURION ENTERPRISE PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	DAFFODIL HOTELS PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EXICOM POWER SYSTEMS PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EXICOM TELE-SYSTEMS LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HAIRDRAMACO INDIA PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	J.L. GROWTH FUND LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	KRISHIV VENTURES PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Entity type	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Recipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (X) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI) = (VII + X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
									No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
									Class X	Class Y	Total														
	LOGIPARK GHAZIABAD PVT. LTD.	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	LOGIPARK PATNA PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MEDIA MATRIX ENTERPRISES PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MEDIA MATRIX WORLDWIDE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MN TELEVENTURES PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MNV ALLIANCES PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MNVPL PROJECTS PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NAHAR GROWTH FUND PVT.LTD.	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NEXG DEVICES PRIVATE LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OFFSPRING INFRATECH PVT LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OFFSPRING PROJECTS PVT LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OSWAL LOGIPARK PVT. LTD.	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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									No of Voting Rights																
									Class X	Class Y	Total	Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
	OSWAL WOLLEN MILLS LIMITED	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	PRANANTHARTHI VENTURES PVT. LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SATELLITE FINANCE PVT. LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SUVRAT TRADING CO. LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VANAIK INVESTORS LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EVANSER SPACES LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	KMRA ASSOCIATES LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MN TELEVENTURES LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	ROSEMARY COMMODITIES LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OWM LOGIPARK GZB LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OWM LOGIPARK VARANASI LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OWM RENEW LLP	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	8	43,30,44,594	-	-	43,30,44,594	30.02	43,30,44,594	-	43,30,44,594	30.02	-	43,30,44,594.00	30.02	1,00,00,000	2.31	50,00,000	1.15	24,15,48,750	55.78	24,65,48,750	56.93	43,30,44,594
2	Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a	Individuals (Non-Resident Individuals/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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									No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
									Class X	Class Y	Total														
	Foreign Individuals)																								
b	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EXICOM TELE SINGAPORE PTD LTD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EXICOM POWER SOLUTIONS BV, NETHERLANDS	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HAIR DRAMA FASHION FZCO	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HAIR DRAMA INTERNATIONAL TRADING LLC	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HORIZON POWER SOLUTION LLC-FZ, DUBAI	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HORIZON TELE-SYSTEMS SDN BHD	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RESOLUTE VENTURES DMCC	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SHARE SQUARE INVESTMENTS LLC	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SHARE SQUARE LLC FZ	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SHARE SQUARE	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Entity type	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Recieipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (X) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI) = (VII + X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of Shares pledged (XIV)		Non-Disposal Undertaking (XV)		Total Number of Shares encumbered (XVII) = (XIV+XV+XVI)		Number of equity shares held in dematerialized form (XVIII)
									No of Voting Rights															
									Class X	Class Y	Total	Total as a % of (A+B+C)				No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	No	As a % of Total Shares Held	
	PROPERTIES LLC																								
	TRITIUM NEXGEN SOLUTIONS BV, NEHTERLANDS	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TRITIUM POWER SOLUTIONS, PTY AUSTRALIA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TRITIUM POWER SOLUTIONS, UK	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TRITIUM POWER SOLUTIONS, USA	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	8	43,30,44,594	-	-	43,30,44,594	30.02	43,30,44,594	-	43,30,44,594	30.02	-	43,30,44,594.00	30.02	1,00,00,000	2.31	50,00,000	1.15	24,15,48,750	55.78	24,65,48,750	56.93	43,30,44,594

**Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited were Promoters of the Company as on September 30, 2025. Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited have merged with a member of our Promoter Group entity, Satellite Finance Pvt Ltd pursuant to the scheme of amalgamation dated July 8, 2024 effective from November 25, 2025.*

III. Statement showing shareholding pattern of the public shareholder:

Category of shareholder (I)	Nos. of shareholders (II)	No. of fully paid up equity shares held (III)	No. Of Partly Paid Up Equity Shares Held (IV)	No. of Shares Underlying Depository Reciepts (V)	Total nos. shares held (VI) = (III)+(IV)+ (V)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (IX) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (X) = (VI+IX)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XI) = (VI)+(IX)	Number of Locked in Shares (XII)		Number of equity shares held in dematerialized form (XIII)
							No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	
							Class X	Class Y	Total							
Institutions (Domestic)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mutual Funds	47	17,10,97,136	-	-	17,10,97,136	11.86	17,10,97,136	-	17,10,97,136	11.86	-	17,10,97,136	11.86	-	-	17,10,93,206
QUANT MUTUAL FUND - QUANT BUSINESS CYCLE FUND	1	9,70,04,911	-	-	9,70,04,911	6.72	9,70,04,911	-	9,70,04,911	6.72	-	9,70,04,911	6.72	-	-	9,70,04,911
Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alternate Investment Funds	3	5,86,133	-	-	5,86,133	0.04	5,86,133	-	5,86,133	0.04	-	5,86,133	0.04	-	-	5,86,133
Banks	5	3,150	-	-	3,150	-	3,150	-	3,150	-	-	3,150	-	-	-	2,050
Insurance Companies	2	4,75,809	-	-	4,75,809	0.03	4,75,809	-	4,75,809	0.03	-	4,75,809	0.03	-	-	4,75,809
Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset reconstruction companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NBFCs registered with RBI	7	2,36,80,858	-	-	2,36,80,858	1.64	2,36,80,858	-	2,36,80,858	1.64	-	2,36,80,858	1.64	-	-	2,36,80,858
Reliance Ventures Limited	1	2,26,81,422	-	-	2,26,81,422	1.57	2,26,81,422	-	2,26,81,422	1.57	-	2,26,81,422	1.57	-	-	2,26,81,422
Other Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	64	19,58,43,086	-	-	19,58,43,086	13.58	19,58,43,086	-	19,58,43,086	13.58	-	19,58,43,086	13.58	-	-	19,58,38,056
Institutions (Foreign)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Direct Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors Category I	117	10,35,27,015	-	-	10,35,27,015	7.18	10,35,27,015	-	10,35,27,015	7.18	-	10,35,27,015	7.18	-	-	10,35,27,015
Foreign Portfolio Investors Category II	32	43,94,685	-	-	43,94,685	0.3	43,94,685	-	43,94,685	0.3	-	43,94,685	0.3	-	-	43,89,065
Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other (specify)	4	5,805	-	-	5,805	-	5,805	-	5,805	-	-	5,805	-	-	-	2,205
Other	1	500	-	-	500	-	500	-	500	-	-	500	-	-	-	500
Other	3	5,305	-	-	5,305	-	5,305	-	5,305	-	-	5,305	-	-	-	1,705
Sub-Total (B)(2)	153	10,79,27,505	-	-	10,79,27,505	7.48	10,79,27,505	-	10,79,27,505	7.48	-	10,79,27,505	7.48	-	-	10,79,18,285
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Government / President of India	4	11,702	-	-	11,702	-	11,702	-	11,702	-	-	11,702	-	-	-	11,702
State Government / Governor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(3)	4	11,702	-	-	11,702	-	11,702	-	11,702	-	-	11,702	-	-	-	11,702
Non-institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associate companies / Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors and their relatives (excluding independent directors and nominee directors)	2	6,500	-	-	6,500	-	6,500	-	6,500	-	-	6,500	-	-	-	6,500
Key Managerial Personnel	2	18,39,000	-	-	18,39,000	0.13	18,39,000	-	18,39,000	0.13	-	18,39,000	0.13	-	-	18,39,000
Relatives of promoters (other than "Immediate Relatives" of promoters disclosed under "Promoter and Promoter Group" category)	1	12,240	-	-	12,240	-	12,240	-	12,240	-	-	12,240	-	-	-	12,240

Category of shareholder (I)	Nos. of shareholders (II)	No. of fully paid up equity shares held (III)	No. Of Partly Paid Up Equity Shares Held (IV)	No. of Shares Underlying Depository Reciepts (V)	Total nos. shares held (VI) = (III)+(IV)+ (V)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities, No. of Warrants and ESOP etc. (IX) = (XA+XB+XC)	Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (X) = (VI+IX)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XI) = (VI)+(IX)	Number of Locked in Shares (XII)		Number of equity shares held in dematerialized form (XIII)
							No of Voting Rights			Total as a % of (A+B+C)				No	As a % of Total Shares Held	
							Class X	Class Y	Total							
Trusts where any person belonging to "Promoter and Promoter Group" category is "trustee", "beneficiary", or "author of the trust"	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Education and Protection Fund (IEPF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	8,48,206	47,26,53,328	-	-	47,26,53,328	32.76	47,26,53,328	-	47,26,53,328	32.76	-	47,26,53,328	32.76	-	-	47,23,41,608
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	105	5,59,34,306	-	-	5,59,34,306	3.88	5,59,34,306	-	5,59,34,306	3.88	-	5,59,34,306	3.88	-	-	5,59,34,306
Non Resident Indians (NRIs)	6,758	1,25,06,950	-	-	1,25,06,950	0.87	1,25,06,950	-	1,25,06,950	0.87	-	1,25,06,950	0.87	-	-	1,23,97,980
Foreign Nationals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bodies Corporate	2,390	13,01,99,027	-	-	13,01,99,027	9.02	13,01,99,027	-	13,01,99,027	9.02	-	13,01,99,027	9.02	-	-	13,01,68,217
RELIANCE STRATEGIC BUSINESS VENTURES LIMITED	1	4,85,32,764	-	-	4,85,32,764	3.36	4,85,32,764	-	4,85,32,764	3.36	-	4,85,32,764	3.36	-	-	4,85,32,764
Any Other (specify)	11,748	3,21,27,674	-	-	3,21,27,674	2.23	3,21,27,674	-	3,21,27,674	2.23	-	3,21,27,674	2.23	-	-	3,21,26,674
Clearing Members	173	31,47,793	-	-	31,47,793	0.22	31,47,793	-	31,47,793	0.22	-	31,47,793	0.22	-	-	31,47,793
HUF	11,556	2,87,65,914	-	-	2,87,65,914	1.99	2,87,65,914	-	2,87,65,914	1.99	-	2,87,65,914	1.99	-	-	2,87,65,914
Overseas Corporate Bodies	4	38,250	-	-	38,250	-	38,250	-	38,250	-	-	38,250	-	-	-	37,250
Trusts	15	1,75,717	-	-	1,75,717	0.01	1,75,717	-	1,75,717	0.01	-	1,75,717	0.01	-	-	1,75,717
Sub-Total (B)(4)	8,69,212	70,52,79,025	-	-	70,52,79,025	48.89	70,52,79,025	-	70,52,79,025	48.89	-	70,52,79,025	48.89	-	-	70,48,26,525
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)+(B)(4)	8,69,433	1,00,90,61,318	-	-	1,00,90,61,318	69.94	1,00,90,61,318	-	1,00,90,61,318	69.94	-	1,00,90,61,318	69.94	-	-	1,00,85,94,568

IV. Statement showing shareholding pattern of the Non Promoter Non Public Shareholder:

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly Paid Up Equity Shares Held (V)	No. of Shares Underlying Depository Reciepts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Total No. of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.) (XI)=(VII+X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XII)= (VII)+(X)	Number of Locked in Shares (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No	As a % of Total Shares Held	
								Class X	Class Y	Total						
1	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	1	5,66,900	-	-	5,66,900	0.04	5,66,900	-	5,66,900	0.04	5,66,900.00	0.04	-	-	5,66,900
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)	1	5,66,900	-	-	5,66,900	-	5,66,900	-	5,66,900	0.04	5,66,900.00	-	-	-	5,66,900

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the BRLM. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 177 and 185, respectively.

Our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, a listed company may issue eligible securities to Eligible QIBs provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date for the QIP;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the Companies Act;

- the issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document), the issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- the Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued and allotment shall be made only in dematerialized form to the allottees; and

- the promoters and directors of the issuer are not Fugitive Economic Offenders.

At least 10% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

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

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated July 25, 2025 and the Fund Raising Committee in its meeting dated December 22, 2025, and our Shareholders through a special resolution on September 15, 2025, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price.

The "relevant date" mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Equity Shares must be allotted within 365 days from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of Allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and

- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Bid Process - Application Form*" on page 168.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on July 25, 2025 and by the Fund Raising Committee in its meeting dated December 22, 2025, and our Shareholders by way of a special resolution dated on September 15, 2025 at the 38th AGM held through VC / OAVM facility.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company in consultation with the BRLM shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act and PAS Rules.

2. **The list of QIBs to whom the Application Form is delivered shall be determined by our Company in consultation with the BRLM. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made**

on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLM.

4. Bidders will be required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;

   - Equity Shares held by the Bidder in our Company prior to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.

   - A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in this Preliminary Placement Document and in the Application Form.

   NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Bidders shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of *"HFCL Limited – QIP Escrow Account*" with the Escrow Bank, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 173.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company shall, in consultation with BRLM determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLM, on behalf of our Company, will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLM.**

8. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the BRLM, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

9. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

10. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

12. Our Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

15. Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, will be considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- mutual funds, venture capital fund, alternate investment funds and foreign venture capital investor registered with SEBI;
- a foreign portfolio investor other than individuals, corporate bodies and family office registered with SEBI;
- a public financial institution;
- a scheduled commercial bank;
- a multilateral and bilateral development financial institution;
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- provident funds with minimum corpus of ₹250 million;
- pension funds with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- systemically important non-banking financial companies;
- accredited investors as defined in regulation 2(1)(ab) of the SEBI AIF Regulations for the limited purpose of their investment in angel funds registered with SEBI, under the SEBI AIF Regulations; and

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e. 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular

dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoters:

- rights under a shareholders' agreement or voting agreement entered into with the promoters or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoters.

Our Company, the BRLM and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors, statutory auditors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLM who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Bidder will be deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" *and "Purchaser Representations and Transfer Restrictions"* on pages 1, 4, 177 and 185, respectively:

1. Each Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Bidder confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. Each Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);

4. Each Bidder confirms that, and consents to, its name and percentage of post- Issue shareholding (assuming full subscription in this Issue) being included as a "proposed Allottee" in this Issue in the Placement Document. However, each Bidder further acknowledges and agrees, disclosure of such details in relation to the proposed Allotees in the Placement Document will not guarantee Allotment to them, as Allotment shall continue to be at the sole discretion of our Company, in consultation with the BRLM. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Bidder confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. Each Bidder confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLM. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM.

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other;

(b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary(ies) or holding company and any other Bidder; and

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

13. The Bidders acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Bidder confirms that:

    (a) it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where such offers and sales are made; and

    (b) it has agreed to certain other representations set forth in the sections entitled "*Representation by Investors" and "Purchaser Representations and Transfer Restrictions*" beginning on pages 4 and 185;

15. Each Bidder confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

17. A representation that it is outside the United States, is acquiring the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and is not an affiliate of the Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

BIDDERS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLM, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a

Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the BRLM either through electronic form or through physical delivery at the following address:

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
Monarch Networth Capital Limited	4th Floor, B Wing, Laxmi Towers, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051	Saahil Kinkhabwala/Ayushi Poddar	Website: www.mnclgroup.com E-mail: ecm@mnclgroup.com	+91 22 6647 6400

The BRLM shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms shall be duly completed and Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "*HFCL Limited – QIP Escrow Account*" with the Escrow Bank, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "*HFCL Limited – QIP Escrow Account*" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders by way of a special resolution dated September 15, 2025 through VC / OAVM facility in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLM, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board (or a duly constituted committee thereof) decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the Placement Document with the Stock Exchanges.

Build-up of the Book

The Bidders shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLM. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLM.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLM has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLM ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLM, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board / its committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLM.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares,

if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until receipt of notice from the BRLM, the final listing and trading approvals of the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted with the Company/BRLM as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLM, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLM in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 168 and 173 respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLM shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The BRLM has entered into the Placement Agreement dated December 22, 2025 with our Company, pursuant to which the BRLM has agreed, subject to certain conditions, to manage this Issue and to act as the placement agent in connection with the proposed Issue and procure subscription for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document and the Placement Document have not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see the section "*Offshore Derivative Instruments*" on page 10.

From time to time, the Book Running Lead Manager , and its respective affiliates and associates may have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, our Subsidiary, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its respective affiliates and associates.

Lock up

The Company will not, for a period commencing from the date hereof and ending 60 days from the date of Allotment, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences associated with the ownership of any of the Equity Shares (including, without limitation, securities convertible into or

exercisable or exchangeable for Equity Shares), regardless of whether any of such transactions are to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise; (c) deposit Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) with any depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares or such other securities in any depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided that the foregoing restrictions do not apply to any sale, transfer or disposition of Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) pursuant to (A) the Issue; (B) the issue of Equity Shares pursuant to offer made in terms of any employee stock option/ purchase scheme of the Company; or (C) any transaction required by law or an order of a court of law or a statutory authority.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which jurisdiction such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 1, 4 and 185, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled *"Purchaser Representations and Transfer Restrictions"* on page 185.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document:

- does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act.
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document,

advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of the Equity Shares under the Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes for intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, the Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

European Economic Area

In relation to each Member State of the European Economic Area (each a "Member State"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Lead Manager of such fact in writing and has received the consent of the Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a nondiscretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their

offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Preliminary Placement Document has not been and will not be approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any Equity Shares other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made thereunder, or (ii) in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No person may issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

The contents of this Preliminary Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Issue. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares.

By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This Preliminary Placement Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by the Lead Manager and is a private concern between the sender and the recipient.

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman ("**Oman**") without the prior consent of the Capital Market Authority ("**Oman CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Equity Shares described in this Preliminary Placement Document will not take place inside Oman. This Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the "**CMAL**"), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Preliminary Placement Document and the Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Preliminary Placement Document and the Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Preliminary Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No

application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Preliminary Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. The Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, 2001 of Singapore, as amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Equity Shares, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This Preliminary Placement Document is not intended to constitute, and does not constitute, an offer to the public or solicitation to purchase or invest in the Equity Shares. The Equity Shares may not be publicly offered, sold or marketed, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except under the following exemptions under the FinSA:

i to any investor that qualifies as a professional client within the meaning of the FinSA;

ii in any other circumstances falling within Article 36 of the FinSA;

provided, in each case, that no such offer of Equity Shares referred to in (i) through (ii) above shall require the publication of a prospectus for offers of Equity Shares pursuant to the FinSA.

The Equity Shares have not been and will not be admitted to trading on any trading venue in Switzerland.

Neither this Preliminary Placement Document nor any other marketing or offering material relating to the Equity Shares constitutes a prospectus within the meaning of the FinSA. This Preliminary Placement Document has not been and will not be filed with, reviewed or approved by, a Swiss review body, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of the FinSA. In particular, this document will not be filed with, and the offer of the Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of the Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to the FinSA.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document does not constitute or contain an offer of securities to the general public in the United Arab Emirates (the "**UAE**"). No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this Preliminary Placement Document or the Equity Shares may be made to the general public in the UAE unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Decision No. (13/R.M) of 2021 (the "**Rulebook**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted under one of the exemptions from licensing set out in the Rulebook or otherwise in accordance with the laws and regulations of the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module of the DFSA Rulebook. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or any Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document or any of its contents. The Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S.

To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in the section titled "*Purchaser Representations and Transfer Restrictions*" on page 185.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized stock exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 177 and 185, respectively.

Transfer Restrictions and Purchaser Representations

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase the Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in its jurisdiction and it has obtained or will obtain any consent, approval or authorisation required for it to purchase and accept delivery of Equity Shares, and it acknowledges and agrees that none of our Company or the Lead Manager and its respective affiliates shall have any responsibility in this regard.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in "offshore transactions" as defined in, and in compliance with, Regulation S, and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S

- It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred in compliance with the U.S. Securities Act and other applicable securities laws only outside the United States in a transaction

complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Lead Manager for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Equity Shares in this Issue for its own investment and not with a view to distribution. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to this Preliminary Placement Document and will be provided access to the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold our Company or the Lead Manager liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

It acknowledges that our Company and the Lead Manager and its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify our Company and the Lead Manager. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by our Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes our Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

DESCRIPTION OF THE EQUITY SHARES

The following information relates to the share capital of our Company, including a brief summary of the Memorandum of Association and Articles of Association and certain provisions of the Companies Act and certain related legislations of India, all as currently in effect. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 7,60,00,00,000 divided into 5,10,00,00,000 Equity Shares of ₹ 1 each and 2,50,00,000 preference shares of ₹100 each. As on the date of this Preliminary Placement Document, the issued, subscribed and paid-up capital of our Company is ₹ 144.27 crores comprising 1,44,26,72,812 Equity Shares (of face value of ₹ 1 each). The Equity Shares are listed on BSE and NSE.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank pari passu with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, a general meeting may upon the recommendation of the Board resolve that that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution and that such sum be accordingly set free for distribution amongst the members who would have been entitled thereto, if

distributed by way of dividend and in the same proportions, in terms of the manner set out under the Articles of Association and under applicable laws.

Alteration of share capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The Board is entitled to make private placement and preferential issue of Equity Shares, debentures, preference shares or any other instruments to such class of persons as the Board may deem fit which would be convertible or exchanged with Equity Shares, at a later date or such other securities as may be permissible to be issued by our Company under any law from time to time.

According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer or as may be permitted by applicable law) within which the offer, if not accepted, will be deemed to have been declined. After such date, the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting. Further, the Companies (Share Capital and Debentures) Rules, 2014 prescribe that price of shares to be issued on preferential basis by a listed company need not be determined by the valuation report of the registered valuer.

The Articles of Association authorises our Board to increase our authorised capital by increase the authorised share capital by such sum, to be divided into shares of such amount as it thinks expedient. The Articles of Association provide that our Company, subject to compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force in the general meeting, from time to time, may consolidate, and divide its share capital into shares of larger amount than its existing shares, convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination, sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum or cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

General meetings of shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company must hold its AGM in each Fiscal year, provided that not more than 15 months shall elapse between each AGM, unless extended by RoC at its request for any special reason. Our Board may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid-up capital carrying a right to vote on such date.

As per the provisions of the Companies Act and Articles of Association, all general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote in case of annual general meeting and in the case of any other general meeting, by members of the company (a) holding, if the company has a share capital, majority in number of members entitled to vote and who represent not less than ninety-five per cent of such part of the paid-up share capital of the company as gives a right to vote at the meeting. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements

applicable to shareholder meetings under the Companies Act have to be physically complied with in case of general meeting held other than through electronic mode.

In accordance with Section 110 of the Companies Act, a company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. Provided that any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under Section 108, in the manner provided in that section. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal ballot includes voting by electronic mode.

Voting rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of the company. On a show of hands, every member holding equity shares and present in person shall have one vote. On poll conducted via e-voting or postal ballot, every member holding equity shares therein shall have voting rights in proportion to his share of the paid-up equity share capital. In the case of joint holders, anyone of such persons may vote at any meeting either personally or by his proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, that the vote of the first named person of such joint holders in the register of members, who tenders a vote whether in person or proxy shall be accepted to the exclusion of the votes of the other joint holders.

At a general meeting, every member holding shares is entitled to vote through e-voting process and has one vote for every one equity share held. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion to their share in the paid-up equity share capital of the Company and as provided under the Companies Act and rules framed thereunder. The chairperson of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings. No proxy shall be entitled to vote on a show of hands unless such proxy is present on behalf of a company or corporation.

Registration of transfers and register of members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' or such lesser period as may be prescribed for certain situations (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out in the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. We have entered into an agreement for such depository services with NSDL and CDSL. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall maintain a register in which every transfer or transmission of shares will be entered. In addition to complying with the Companies Act, 2013 and the other applicable laws, our Company is also required to comply with the provisions of the SEBI Listing Regulations for effecting the transfer of shares. In terms of the SEBI Listing Regulations, except in case of transmission or transposition of shares, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialized form with a depository and that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles provide that the number of Directors shall not be less than three and not be more than 14. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles. Two-thirds of the total number of Directors is subject to retirement by rotation. Of such Directors, one-third, or if their number is not three or multiples of three, then the number nearest to one-third, must retire every year; the debenture Directors, independent Directors, corporation Directors and managing Directors are to be excluded from this number.

As provided under Section 161 of the Companies Act, 2013, the Director may be appointed by the Board or by the general meeting of the Shareholders. The Directors have the power to appoint any other persons as an additional Director but any Director so appointed shall hold office only up to the date of the next following AGM of our Company but the total number of Directors shall not at any time exceed the maximum strength. The Board shall also have the power to appoint any person to act as an alternate Director for a Director (not being an independent director) during the latter's absence for a period of not less than three months from India. The alternate Director shall vacate the office if and when the original Director returns to India and in case the office of the original Director is determined before he returns, the provisions of the Companies Act, 2013, and the Articles for automatic reappointment shall apply to the original Director and not the alternate Director.

Liquidation rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Buy back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI Regulations issued in connection therewith.

STATEMENT OF POSSIBLE TAX BENEFITS

Certificate on Possible Special Tax Benefits

To,
The Board of Directors
HFCL Limited
8 Electronics Complex,
Chambaghat, Solan,
Himachal Pradesh, 173213

Monarch Networth Capital Limited
4th Floor, B Wing, Laxmi Towers,
G Block, Bandra Kurla Complex,
Bandra East, Mumbai 400051

(Monarch Networth Capital Limited referred to as the "**Book Running Lead Manager**" or the "**BRLM**")

Dear Sirs/Madams,

Sub: Statement of Possible Special Tax Benefits available to HFCL Limited (the "Company", and such QIP, the "Issue") and its shareholders under the Direct tax laws in India, prepared under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and applicable provisions of the Companies Act, 2013, as amended and the rules framed thereunder ("Companies Act")

1. We, Oswal Sunil & Company, Chartered Accountants, (Firm Registration Number: 016520N) and S Bhandari & Co LLP, Chartered Accountants, (Firm Registration Number: 000560C/C400334), joint statutory auditors of the company, have been requested by the Company to report in the enclosed **Annexure,** the possible special income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 as amended (**'the Act'**), Income Tax Rules,1962, as amended by the Finance Act 2025 i.e. applicable for the Financial Year 2025-26 relevant to the assessment year 2026-27, as applicable & presently in force in India (collectively, the "**Direct Tax Laws")**.

2. This certificate has been issued at the request of the Company in connection with the Issue and in accordance with our engagement letter with the Company dated November 18, 2025.

3. We hereby report that the enclosed Annexure prepared by the Company, initialled by us for identification purpose, states the possible income-tax benefits available to the Company and its shareholders under the Income Tax Laws as applicable for financial year 2025-26, relevant to the assessment year 2026-27 presently in force in India as on the date of this certificate.

4. The benefits stated in the enclosed statement cover only the possible special income tax benefits available to the Company and its shareholders and do not cover any other tax or general benefits of any other laws or state or central schemes available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

7. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated in the Annexure is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor

intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue. We are neither suggesting nor advising the investors to invest in the issue relying on this statement.

8. We do not express any opinion or provide any assurance as to whether:
   a. the Company or its shareholders will obtain/ continue to obtain these tax benefits in future;
   b. conditions prescribed for availing the tax benefits have been / would be met with, and
   c. the revenue authorities / courts will concur with the views expressed herein

   Our views are based on the existing provisions of the income-tax laws and their interpretation, which are subject to change from time to time. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (Revised 2016) ("**Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

10. We hereby consent to the inclusion and use of this certificate and the Annexure thereto in the Preliminary Placement Document, the Placement Document or other offering materials, as required, in connection with the Issue and for submission to the Securities and Exchange Board of India, Stock Exchanges and any other authority as may be required.

11. The aforesaid consent and information contained herein may be relied upon by the BRLM and legal counsels appointed pursuant to the Issue in conducting and documenting their due diligence in relation to the Issue and may be submitted to SEBI, the Stock Exchanges and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the BRLM in connection with the Issue.

12. Subsequent to the issuance of this certificate, any material change relating to matters stated above, if , brought to our attention by the management, we undertake to immediately inform the BRLM and legal counsels in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges.

13. This certificate may be disclosed by any of the BRLM, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory / statutory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

14. We have further authorized the Company to disclose this certificate to the legal advisors appointed in relation to the Offer, i.e., **AZB & Partners** and **Khaitan & Co,** for their review.

15. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Placement Documents.

For **Oswal Sunil & Company** **Chartered Accountants** Firm Registration Number: 016520N	For **S Bhandari & Co LLP** **Chartered Accountants** Firm Registration Number: 000560C/C400334

(Nishant Bhansali) Partner Membership Number: 532900 UDIN: 25532900RNEMVM5739	**(J.S.P. Bansal)** Partner Membership Number: 070980 UDIN: 25070980IVWZYZ8760

Date: December 22, 2025
Place: New Delhi

ANNEXURE

The statement of possible special tax benefits available to the HFCL Limited ("the Company") and the Shareholders under the Income Tax Act, 1961 and rules made thereunder.

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Direct Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations provided by the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views expressed in this statement are based on the facts and assumptions as indicated above and in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue or to any third party relying on this statement.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

a) Benefit of lower rate of tax under Section 115BAA of the Act

Section 115BAA has been inserted in the Act by the Finance Act, w.e.f. AY 2020-21, which grants an option to all domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/incentives as specified in sub-clause 2(i) of section 115BAA of the Act.

In case a company opts for section 115BAA of the Act, provisions of MAT under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off.

The option needs to be exercised on or before the due date of filing the tax return of a specific year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company have opted for the lower tax regime under section 115BAA from FY 2020-21.

In view of the same, the tax rate for the company for FY 2025-26 shall be 25.168% (effective tax rate including surcharges & cess) as per the provisions of section 115BAA of the Act and MAT provisions specified in section 115JB of the Act would not apply to the Company.

b) Section 36(1)(vii) of the Act Allowance of bad debts written off

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as deduction for computing the income under the head "Profit and gains of business or profession", subject to the fulfilment of the conditions as specified in section 36(2) read with section 36(1)(vii) of the Act.

c) Deduction for additional employee cost

As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in sub-section (2) of section 80JJAA of the Act.

The Company is presently not claiming any deduction under section 80JJAA of the Act. However, this deduction could be claimed in the future subject to fulfillment of conditions discussed above.

d) Deduction in respect of inter-corporate dividends Section 80M of the Act

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April 2020 is liable to tax in the hands of the shareholder, other than dividend on which tax under section 115-O has been paid. The Company is required to deduct Tax at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the Income tax Act,1961, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

The Company have wholly owned subsidiaries and thus should be eligible to claim deduction u/s 80M of the Act in respect of dividend received (if any) from its subsidiaries, and further distributed to shareholders subject to fulfilment of other conditions.

e) Section 35- Deduction of expenditure on Scientific Research

As per section 35(1)(i) of the Income Tax Act, any expenditure (not being in the nature of capital expenditure) laid out or expended on scientific research related to the business shall be allowed as deduction.

As per section 35(1)(iv) read with section 35(2) of the Income Tax Act, if capital expenditure incurred on scientific research related to business, the whole of such capital expenditure incurred shall be allowed as deduction. However, no deduction shall be admissible in respect of expenditure incurred on the acquisition of any land. Deduction by way of depreciation is not admissible in respect of an asset used in scientific research, either in the year in which the capital expenditure is incurred or in a subsequent year.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')

The following tax benefits are generally available to the shareholders of the company subject to the fulfilment of the conditions specified in the Act:

a) Taxability of Dividend

Dividend income earned on shares of the Company will be taxable in the hands of shareholders at the applicable rates. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.

In case of a shareholder being a domestic company, deduction shall be available under section 80M of the Act on fulfilling the conditions (as detailed above).

b) Taxability of gain/ loss arising from sale of shares of the Company:

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

As per section 112A of the Act, long-term capital gains arising from transfer of an equity share shall be taxed at the rate of 12.5% (without indexation)) on such capital gains if STT has been paid on both acquisition and transfer of such shares and such transfer takes place on or after July 23, 2024. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 125,000.

As per the provisions of section 111A of the Act, short-term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 20% (plus applicable surcharge and cess if any).

Short-term capital gains other than covered under section 111A is charged to tax at normal rate of tax (plus applicable surcharge and cess).

NOTES:

1. The above is as per the current Income Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.
4. Tax Benefits under other laws or Incentives, if any, eligible to the company are not covered above.

For **HFCL LIMITED**

Mr. Vijay Raj Jain
(Chief Financial Officer)

Date: December 22, 2025
Place: New Delhi

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of civil proceedings, criminal proceedings and tax disputes, which are pending before various adjudicating forums.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with the "Policy of determination of materiality for disclosure of events or information" framed in accordance with Regulation 30 of the SEBI LODR Regulations.

For identification of material litigations for the purpose of disclosure in the section in accordance with the SEBI ICDR Regulations, the following outstanding legal proceedings have been disclosed in this section, in accordance with the materiality policy approved by our Fund Rasing Committee of the Board of Directors, by way of its resolution dated December 22, 2025 solely for the purpose of this Issue:

- *all outstanding legal proceedings involving our Company (includes cases filed by and against), of any nature (including civil, arbitration, tax, criminal, wherein the value or expected impact in terms of value exceeds ₹ 13.81 crores, being the lower of the following (i) two percent of turnover, as per the last audited consolidated financial statements of the Company (i.e., ₹ 81.29 crores for Fiscal 2025); (ii) two percent of net worth, as per the last audited consolidated financial statements of the Company except in case the arithmetic value of the net worth is negative (i.e., ₹ 82.39 crores for Fiscal 2025); and (iii) five percent of the average of absolute value of consolidated profit or loss after tax, as per the last three audited consolidated financial statements of the Company (i.e., ₹ 13.81 crores for Fiscal 2025, 2024 and 2023) ("**Materiality Threshold**");*
- *any other outstanding litigation involving our Company, wherein the amount involved is not determinable or quantifiable or which does not exceed the Materiality Threshold, which if it results in an adverse outcome could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of the Company on a consolidated basis; and*
- *any other outstanding litigation involving our Subsidiaries, Promoters and Directors wherein an adverse outcome could materially and adversely affect the reputation, operations or financial position of the Company, on a consolidated basis.*

Further, except as disclosed in this section, there are no:

- *inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or any previous companies law, in the last three years immediately preceding the year preceding the year of issue of this Preliminary Placement Document involving our Company and Subsidiaries; and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of issue of this Preliminary Placement Document for our Company and Subsidiaries;*
- *material frauds committed against our Company in the last three years, and if so, the action taken by the Company;*
- *significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations;*
- *defaults by our Company and our Subsidiaries (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon;*
- *defaults in annual filings of our Company under the Companies Act, 2013 or the rules made thereunder;*
- *litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Preliminary Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any;*
- *outstanding matters involving criminal liability on the part of our Company (including matters at FIR stage whether or not any cognizance has been taken by any court or judicial authority);*
- *material violations of the statutory regulations by our Company which are outstanding; and*
- *outstanding economic offences where proceedings have been initiated against our Company.*

It is clarified that for the purposes of the above, no pre-litigation notices received by any of the parties specified above from third parties (excluding statutory/ regulatory authorities or notices threatening criminal action) shall,

unless otherwise decided by the board of directors, be considered as material till such time that any of the parties, are impleaded as defendant or respondent in litigation proceedings before any judicial forum including court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in that particular litigation only.

A. Summary of outstanding material legal proceedings

	Criminal litigation	**Inquiries and investigations**	**Proceedings involving economic offences**	**Material tax proceedings**	**Material statutory or regulatory regulations**	**Material civil litigations**	**Aggregate amount involved (*in ₹ crores*)***
By the Company	Nil	Nil	Nil	Nil	Nil	3	416.51
Against the Company	1	1	2	Nil	Nil	1	72.35

**to the extent quantifiable*

As on the date of this Preliminary Placement Document, except as stated below, there are no other outstanding material legal proceedings involving our Company:

1. Our Company has filed a civil suit ("**Suit**") against Classic Credit Limited ("**CCL**") and others before the High Court of Bombay ("**Bombay HC**") alleging non-performance of agreements entered into between our Company and CCL for acquisition of certain shares of a company engaged in the business of corporate internet infrastructure and e-business applications held by CCL ("**Agreement**") towards which our Company had paid ₹ 198.99 crores to CCL as part consideration. Upon CCL's failure to transfer the shares to our Company, the agreements were terminated by our Company. Our Company in their prayers has sought for orders *inter alia* directing payments to be made by CCL aggregating to ₹ 225.52 crores including interest, under Agreement. During the pendency of the Suit, CCL was wound up by the High Court of Calcutta ("**Calcutta HC**") *vide* its order dated July 7, 2005 and its assets and properties were vested with the official liquidator, High Court of Calcutta ("**Official Liquidator**"). Our Company filed an application before the Calcutta HC requesting to proceed with the Suit in the Bombay HC, which was allowed by the Calcutta HC *vide* its order dated June 17, 2014. Thereafter, the Official Liquidator in their written statement submitted that the Official Liquidator had no funds or assets of CCL left for further realisation. The matters is currently pending.

2. Our Company has filed a civil suit ("**Suit**") against Classic Credit Limited ("**CCL**") and others before the High Court of Bombay ("**Bombay HC**") alleging non-performance of agreements entered into between our Company and CCL for acquisition of certain shares of a company engaged in the business of e-business applications and e-governance applications held by CCL ("**Agreement**"), towards which our Company had paid ₹ 84.30 crores to CCL as part consideration. Upon CCL's failure to transfer the shares to our Company, the Agreement was terminated by our Company. Our Company in their prayers has sought for orders *inter alia* directing payments to be made by CCL aggregating to ₹ 96.52 crores including interest, under the Agreement. During the pendency of the Suit, CCL was wound up by the High Court of Calcutta ("**Calcutta HC**") *vide* its order dated July 7, 2005 and its assets and properties were vested with the official liquidator, High Court of Calcutta ("**Official Liquidator**"). Our Company filed an application before the Calcutta HC requesting to proceed with the Suit in the Bombay HC, which was allowed by the Calcutta HC *vide* its order dated June 17, 2014. Thereafter, the Official Liquidator in their written statement submitted that the Official Liquidator had no funds or assets of CCL left for further realisation. The matter is currently pending.

3. Our Company had initiated arbitration proceedings against I.T.I. Limited ("**Respondent**") alleging non-compliance of certain terms of a supply contract entered into between our Company and the Respondent and claiming an amount of ₹ 52.88 crores for recovery of certain balance payments and of a performance bank guarantee, along with damages from the Respondent. The arbitral tribunal by its award dated July 7, 2012 ("**Award**") awarded an amount of ₹ 12.69 crores, including interest, in favour of our Company. Thereafter, the Respondent has filed an application dated October 6, 2012 under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi ("**High Court**") seeking *inter alia* setting aside of the Award. Our Company has also filed an application dated October 8, 2012 under Section 34 of the Arbitration and

Conciliation Act, 1996 before the High Court against the Award seeking for a modification of the Award to grant the full amount as claimed by our Company. Company has also filed execution petition before the Hon'ble Delhi High Court on July 2, 2024 for recovery of ₹ 22.12 crores including awarded interest upto May 31, 2024. The matters are currently pending.

4. Wireless Advisor, Wireless Planning and Co-ordination, Ministry of Communication ("**Claimant**") has initiated arbitration proceedings against our Company before an arbitral tribunal in relation to alleged breach of certain contracts entered into amongst our Company, the Claimant and another party. The Claimants have sought for *inter alia* i) refund of payments aggregating to EUR 0.04 million and ₹ 1.21 crores for non-implementation of one part of the contract; ii) liquidated damages aggregating to EUR 0.16 million and ₹ 4.52 crores for delay in execution of another part of the contract (out of which ₹ 5.56 crores had already been recovered from our Company by way of deductions in payments); and iii) damages for non-fulfillment of a third component of the contract pertaining to annual maintenance, along with costs. Our Company has filed a counter claim dated December 19, 2013 amounting to a sum of ₹ 27.35 crores towards *inter alia* certain non-payment of dues and charges by the Claimant in terms of the contract and deduction of liquidated damages. An arbitral award was passed in favour of our Company on September 29, 2023 and the Claimant's objection petition u/s 34 challenging the said arbitral award is currently pending before the Delhi High Court. Subsequently, our Company has also filed an enforcement petition bearing no. OMP (Enf)(Comm) No. 78 of 2024 claiming an amount of ₹ 72.35 crores including interest up to the date of the award. The Claimant has deposited the awarded amount in compliance with the court order. Accordingly, there has been a stay of operation of arbitral award. The matter is currently pending.

Further, our Company has, in the ordinary course of business, filed four proceedings under Section 138 of the Negotiable Instruments Act, 1881 in respect of dishonour of cheques aggregating to an amount of ₹ 1.62 crores. Such proceedings are pending before various adjudicating forums.

Inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company and our Subsidiaries; and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company and our Subsidiaries

Our Company received emails dated November 12, 2025 and November 13, 2025 ("**Emails**") from the Securities and Exchange Board of India ("**SEBI**"), in relation to a press release of our Company on January 19, 2024 with regards to a purchase order aggregating to ₹ 623.00 crores. Pursuant to these Emails, our Company was requisitioned for certain details/information, along with supporting documents for certain documents by SEBI.

Our Company has responded to the Emails vide their response dated November 19, 2025, whereby our Company has confirmed that they have made the necessary disclosures and submissions pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/CIR/2023/123 dated July 13, 2023. The matter is currently pending.

Material frauds committed against our Company in the last three years, and action taken by our Company

Nil

B. Significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

Nil

C. Default by our Company, and our Subsidiaries (on a consolidated basis) including the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon, as on the date of this Preliminary Placement Document

Nil

D. Default in annual filings of our Company under the Companies Act or the rules made thereunder

Nil

E. Litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any

Nil

F. Outstanding matters involving criminal liability on the part of our Company (including matters at FIR stage whether or not any cognizance has been taken by any court or judicial authority);

A first information report dated September 9, 2021 under Sections 166, 167, 418, 465, 486, 471, 409, 506 read with Section 120B of the IPC and Sections 13(2) and 13(1)(C)(D) of the Prevention of Corruption Act, 1988 has been registered by the Criminal Investigation Department, Government of Andhra Pradesh ("**CID**") against M/s Tera Software Private Limited ("**Accused 1**"), our Company, our directors (at the time of bidding for the tender) including our individual Promoter and others (collectively, the "**Accused**") based on the complaint filed by the Managing Director ("**Complainant**"), AP State FiberNet Limited ("**APSFL**"). The Complainant has alleged that the Accused had collided with the member of the tender evaluation committee and the officials of APSFL and Government of Andhra Pradesh to illegally award tender to Accused 1 despite accused lacking necessary qualifications to bid for the tender. Our Company has made representations to the CID and a statement by the authorised signatory of our Company has been sent to CID on October 29, 2021 and November 1, 2021 clarifying that our Company and its directors (at the time of bidding for the tender) had no role in the tender process of Infrastructure Corporation of Andhra Pradesh Limited (now renamed as APSFL) and our Company was not a party to the agreement entered into with Infrastructure Corporation of Andhra Pradesh Limited. Statement of HFCL's witness was also recorded under Section 164 of the Code of Criminal Procedure, 1973 before the Additional Metropolitan Magistrate, Vijaywada on July 30, 2022. Subsequent queries from CID were also replied on February 7, 2023**.** Thereafter, our Company has not received any communication from CID in the matter.Further, our Individual Promoter, Mahendra Nahata, our present Directors, Arvind Kharabanda, Ranjeet Mal Kastia and Bela Banerjee and our former directors, MP Shukla and Rajiv Sharma (collectively the "**Officials**") have also received summons from the Directorate of Enforcement, Government of India ("**ED**") under the provisions of Prevention of Money Laundering Act, 2002 directing them to appear before the ED and submit certain information in connection with the award of tender to Accused 1. The Officials have submitted the required information to the ED. The matters are currently pending.

G. Material violations of the statutory regulations by our Company

Nil

H. Economic offences where proceedings have been initiated against our Company

1. Rosewood Projects Private Limited ("**Complainant**") had filed a complaint dated November 28, 2016 ("**Complaint**") before the Economic Offences Wing, New Delhi ("**EOW**") against our Company, our individual Promoter and others ("**Accused**") alleging inter alia non-payment of certain dues in accordance with work orders issued by our Company. Thereafter, the Complainant filed two complaints before the Chief Metropolitan Magistrate, Saket Courts, New Delhi ("**CMM Court**") under Sections 156(3) and 200 of the Code of Criminal Procedure, 1973, seeking an order directing the EOW to register a first information report ("**FIR**") against the Accused and for issuing summons to the Accused, respectively. The inspector, EOW submitted a status report before the CMM Court stating that the Complaint was closed after enquiry due to it being civil in nature. The CMM Court vide its order dated February 16, 2019 ("**Order**") directed the EOW to register an FIR against the Accused pursuant to which, the EOW registered an FIR under the provisions of IPC. Our Company and our individual Promoter have challenged the Order and filed two separate writ petitions before the High Court of Delhi ("**High Court**") for setting aside the Order and quashing the consequent FIR. The High Court by its interim order dated March 27, 2019 has granted a stay on the operation of the Order. The matter is currently pending.

2. Our Company has received a summon dated July 31, 2018 from the Directorate of Enforcement, Shimla, Ministry of Finance, Government of India ("**ED**") under Section 37 of FEMA, 1999 read with Section 133 (6) of the Income-tax Act, 1961 and certain officials/Directors of our Company (including our individual

Promoter) have received summons dated July 25, 2025 from the ED, under Section 37 (1) and (3) of FEMA, 1999 read with Section 131 (1) of the Income Tax Act, 1961 and Section 30 of the Code of Civil Procedure, 1908 to provide *inter alia* information and documents with respect to issue of global depository receipts by the Company for USD 50 million in the year 2002. Our Company along with the officials/directors have submitted the responses and documents requested from time to time (latest on November 20, 2025) and no further communication has been received from ED in this regard.

OUR STATUTORY AUDITORS

S Bhandari & Co LLP, Chartered Accountants and Oswal Sunil & Company, Chartered Accountants, are our Statutory Auditors.

S Bhandari & Co LLP, Chartered Accountants and Oswal Sunil & Company, Chartered Accountants have audited the Audited Consolidated Financial Statements which are included in this Preliminary Placement Document in "*Financial Statements*" on page 214.

S Bhandari & Co LLP, Chartered Accountants and Oswal Sunil & Company, Chartered Accountants have performed a review of the Unaudited Consolidated Financial Results as at and for the six months ended September 30, 2025 and have issued review reports dated October 17, 2025 on the Unaudited Consolidated Financial Results, which is included in this Preliminary Placement Document in "*Financial Statements*" on page 207.

GENERAL INFORMATION

1. Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar. Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation pursuant to change of name dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh. The registration number of our Company is 007466 and our CIN is L64200HP1987PLC007466. The Registered Office of our Company is situated at 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India and Corporate Office of our Company is situated at 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India. The website of our Company is www.hfcl.com.

2. The Issue was approved by the resolution of the Board in its meeting held on July 25, 2025 and by the Fund Raising Committee in its meeting held on December 22, 2025. The Shareholders have authorised and approved the Issue by way of a special resolution dated September 15, 2025 at 38th AGM held through VC / OAVM facility.

3. The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹ 7,60,00,00,000 divided into 5,10,00,00,000 Equity Shares of ₹ 1 each and 2,50,00,000 redeemable cumulative preference shares of ₹ 100 each. Our issued, subscribed and paid-up equity share capital as of the date of this Preliminary Placement Document is ₹ ₹144.27 crore comprising of 144,26,72,812 equity shares of face value of ₹1 each.

4. The Equity Shares are listed on BSE and NSE.

5. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations from BSE and NSE each dated December 22, 2025. We will apply to the Stock Exchanges for the final listing and trading approvals of the Equity Shares on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

6. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

7. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all working days (except Saturdays and public holidays) during the Bid/Issue Period at the Registered Office.

8. Our Company has obtained necessary consents, approvals and authorizations, wherever applicable, in connection with the Issue.

9. No change in control of the Company will occur consequent to the Issue.

10. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 197.

11. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

12. Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since the date of the Unaudited Consolidated Financial Results, prepared in accordance with the applicable accounting standards, which has been included in this Preliminary Placement Document.

13. Our Company confirms that it is in compliance with the requirement of minimum public shareholding requirements as required in terms of the SEBI Listing Regulations, SCRA and Rule 19A of the SCRR.

14. The Floor Price for the Equity Shares under the Issue is ₹ 65.84 per Equity Share which has been calculated in accordance with provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the shareholders accorded by way of a special resolution dated September 15, 2025 through VC / OAVM facility in terms of Regulation 176(1) of the SEBI ICDR Regulations.

15. Our Company and the BRLM accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

16. Details of the Company Secretary and Compliance Officer of our Company are as follows:

Mr. Manoj Baid
HFCL Limited,
8, Commercial Complex, Masjid Moth,
Greater Kailash-II, New Delhi-110048
Telephone: +91 11 35209530
E-mail: manoj.baid@hfcl.com

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment pursuant to the Issue shall be made by the Company, in consultation with the BRLM, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them in our Company is set forth below.

No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital^*
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]
5.	[●]	[●]
	Total	**[●]**

^ *Based on beneficiary position as on [●], 2025.*
**Subject to receipt of funds and allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.*

These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to this Issue, will be included in the Placement Document to be sent to such proposed Allottees.

FINANCIAL STATEMENTS

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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

Independent Auditors' Review Report on Standalone Unaudited Quarterly and Year to Date Financial Results of HFCL Limited ('the Company') pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of
HFCL Limited

1. We have reviewed the accompanying Statement of the Unaudited Standalone Financial Results ('the Statement') of **HFCL Limited** ('the Company') for the quarter ended September 30, 2025 and for the period from April 01, 2025 to September 30, 2025, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time. The Statement is the responsibility of the Company's Management and has been approved by the Company's Board of Directors. Our responsibility is to issue a report on 'the Statement' based on our review of the Statement, which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognised accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S Bhandari & Co LLP
Chartered Accountants
Firm Registration No. 000560C/C400334

J.S.P. Bansal
Partner
Membership No. 070980
UDIN: 25070980BMOMUO3125

Place: New Delhi
Date: October 17, 2025

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

Nawin K Lahoty
Partner
Membership No. 056931
UDIN: 25056931BMLDHO6426

Place: New Delhi
Date: October 17, 2025

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

Independent Auditors' Review Report on Consolidated Unaudited Quarterly and Year to Date Financial Results of HFCL Limited (the "Parent") pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of
HFCL Limited

1. We have reviewed the accompanying Statement of the Unaudited Consolidated Financial Results ("the Statement") of **HFCL Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income of its jointly controlled entities, for the quarter ended September 30, 2025 and for the period from April 01, 2025 to September 30, 2025, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations').

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review of the Statement.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

4. The Statement includes the results of following Subsidiaries and Jointly Controlled Entities:

i. **Subsidiaries:**
   a. HTL Limited;
   b. Polixel Security Systems Private Limited;
   c. Moneta Finance Private Limited;
   d. HFCL Advance Systems Private Limited;
   e. Raddef Private Limited;
   f. DragonWave HFCL India Private Limited;
   g. HFCL Technologies Private Limited;
   h. HFCL Inc. (United State of America); and
   i. HFCL B.V. (Netherlands) (As per consolidated financial results)

ii. **Jointly Controlled Entities:**
   a. Nimpaa Telecommunications Private Limited, and
   b. BigCat Wireless Private Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6, 7 and 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ("Ind AS") specified under section 133 of the Companies Act 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial information / financial results of two subsidiaries included in the consolidated unaudited financial results, whose interim financial information / financial results reflect total assets of Rs. 13.79 Crores as at September 30, 2025 and total revenues of Rs. Nil and Rs. Nil Crores, total net profit after tax of Rs. 0.07 Crores and Rs. 0.22 Crores and total comprehensive income of Rs. 0.07 Crores and Rs. 0.22 Crores for the quarter ended September 30,2025 and for the period from April 01, 2025 to September 30, 2025 respectively, and cash flows (net) of Rs. 0.00 Crores for the period from April 01, 2025 to September 30, 2025, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. (0.20) Crores and Rs. (0.01) Crores for the quarter ended September 30, 2025 and for the period from April 01, 2025 to September 30, 2025 respectively, as considered in the Statement, in respect of two jointly controlled entities, whose interim financial results have not been reviewed by us. These interim financial information / financial results have been reviewed by other respective auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

7. The interim financial information / financial results of five subsidiaries included in the unaudited consolidated financial results, whose interim financial information / financial results reflect total assets of Rs. 726.35 Crores as at September 30, 2025 and total revenues of Rs. 230.82 Crores and Rs. 410.43 Crores, total net profit after tax of Rs. 13.30 Crores and Rs. 23.25 Crores and total comprehensive income of Rs. 13.37 Crores and Rs. 23.07 Crores for the quarter ended September 30, 2025 and for the period from April 01, 2025 to September 30, 2025 respectively, and cash flows (net) of Rs. (0.56) Crores for the period from April 01, 2025 to September 30, 2025, as considered in the Statement, have been reviewed by one of the joint auditors of the Parent and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of such joint auditor.

8. The interim financial information / financial results of two foreign subsidiaries (which includes consolidated financial results/ financial information of one of such foreign subsidiaries incorporating results of its step-down subsidiaries) which reflects total assets of Rs. 435.84 Crores as at September 30, 2025 and total revenues of Rs. 193.75 Crores and Rs. 281.31 Crores, total net profit after tax of Rs. 15.72 Crores and Rs. 19.48 Crores and total comprehensive income of Rs. 13.78 Crores and Rs. 17.15 Crores for the quarter ended September 30, 2025 and for the period from April 01, 2025 to September 30, 2025 respectively, and cash flows (net) of Rs. 0.50 Crores for the period from April 01, 2025 to September 30, 2025, as considered in the Statement, have been reviewed by the independent auditors in accordance with the regulations of such foreign countries, such reports have been furnished to us by the management. Financial Information/financial results of these subsidiaries have been converted by the Parent's management as per accounting principles generally accepted in India which has been considered in the consolidated financial results solely based on such converted financial results.

Our conclusion on the Statement in respect of matters stated in paragraphs 6, 7 and 8 above is not modified.

For S Bhandari & Co LLP
Chartered Accountants
Firm Registration No. 000560C/C400334

J.S.P. Bansal
Partner
Membership No. 070980
UDIN: 25070980BMOMUP2615

Place: New Delhi
Date: October 17, 2025

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

Nawin K Lahoty
Partner
Membership No. 056931
UDIN: 25056931BMLDHP2175

Place: New Delhi
Date: October 17, 2025

HFCL LIMITED
Regd. Office : 8,Electronics Complex, Chambaghat, Solan-173213 (Himachal Pradesh)
Tel. : (+911792) 230844 , Fax No(+911792) 231902, E-mail: secretarial@hfcl.com
Website: www.hfcl.com / Corporate Identity Number (CIN): L64200HP1987PLC007466

STATEMENT OF UN-AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2025

(Rs. in Crore unless otherwise stated)

Sl. No.	Particulars	Standalone						Consolidated					
		Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		Sep 30, 2025	June 30, 2025	Sep 30th 2024	Sep 30, 2025	Sep 30th 2024	March 31, 2025	Sep 30, 2025	June 30, 2025	Sep 30th 2024	Sep 30, 2025	Sep 30th 2024	March 31, 2025
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	INCOME												
	Revenue from Operations	1,003.13	789.28	1,011.57	1,792.41	2,077.09	3,795.22	1,043.34	871.02	1,093.61	1,914.36	2,251.85	4,064.52
	Other Income	15.07	14.09	13.04	29.16	24.13	60.90	13.04	14.53	13.58	27.57	24.08	57.76
	Total Income	1,018.20	803.37	1,024.61	1,821.57	2,101.22	3,856.12	1,056.38	885.55	1,107.19	1,941.93	2,275.93	4,122.28
II	EXPENSES												
	Cost of materials/services consumed	358.58	422.59	309.55	781.17	664.35	1,792.61	417.11	447.80	333.94	864.91	745.24	1,908.55
	Purchases of stock-in-trade	343.37	234.77	380.78	578.14	814.72	1,117.02	388.18	219.36	393.86	607.56	829.44	1,117.76
	Change in inventories of finished goods, work-in progress and stock-in trade	(19.03)	(40.51)	45.84	(59.54)	22.24	(80.65)	(161.02)	(32.09)	47.74	(193.11)	20.28	(82.47)
	Employee benefits expense	70.30	84.16	64.01	154.46	129.79	272.68	94.24	105.35	89.45	199.59	178.16	363.55
	Finance costs	52.97	47.74	35.57	100.71	59.32	149.46	60.90	55.62	44.69	116.52	87.19	185.01
	Depreciation, Impairment and Amortisation expenses	31.41	28.14	20.90	59.55	40.63	84.90	35.93	32.20	25.48	68.13	49.55	105.51
	Other expenses	90.89	89.37	63.70	180.26	132.81	278.67	114.50	102.18	70.36	216.68	145.53	308.14
	Total Expenses	928.49	866.26	920.35	1,794.75	1,873.86	3,614.69	949.84	930.44	1,005.73	1,880.28	2,055.48	3,906.05
III	Profit / (Loss) before exceptional items and tax (I-II)	89.71	(62.89)	104.26	26.82	227.36	241.43	106.54	(44.89)	101.46	61.65	220.45	216.23
IV	Share of net profits / (loss) of jointly controlled entities accounted for using equity method	-	-	-	-	-	-	(0.20)	0.19	1.01	(0.01)	0.81	0.36
V	Profit / (Loss) before exceptional items and tax (III+IV)	89.71	(62.89)	104.26	26.82	227.36	241.43	106.34	(44.70)	102.47	61.64	221.26	216.59
VI	Exceptional items	-	-	-	-	-	-	-	-	-	-	-	-
VII	Profit / (Loss) before tax (V-VI)	89.71	(62.89)	104.26	26.82	227.36	241.43	106.34	(44.70)	102.47	61.64	221.26	216.59
VIII	Tax expense												
	Current Tax	-	-	19.45	-	40.77	33.11	5.03	1.09	20.13	6.12	41.62	34.50
	Deferred Tax / (Benefits)	28.27	(20.55)	9.93	7.72	(2.27)	13.57	29.39	(16.49)	9.01	12.90	(4.34)	8.83
IX	Profit / (Loss) after tax for the period / year from continuing operations (VII- VIII)	61.44	(42.34)	74.88	19.10	188.86	194.75	71.92	(29.30)	73.33	42.62	183.98	173.26
X	Other Comprehensive Income / (Loss)												
	Items that will not be reclassified to profit or loss	(6.33)	39.05	(125.77)	32.72	69.58	(35.52)	(6.23)	38.73	(125.65)	32.50	69.75	(35.11)
	Income tax on above item	(0.01)	(0.33)	(0.26)	(0.34)	(0.41)	(0.30)	(0.04)	(0.27)	(0.27)	(0.31)	(0.45)	(0.34)
	Items that will be reclassified to profit or loss	0.39	0.83	1.02	1.22	0.39	(0.10)	(1.52)	0.46	(0.01)	(1.06)	(0.13)	(0.38)
	Other comprehensive income / (Loss) for the period / year after tax	(5.95)	39.55	(125.01)	33.60	69.56	(35.92)	(7.79)	38.92	(125.93)	31.13	69.17	(35.83)
XI	Total comprehensive income / (Loss) for the period / year (IX+X)	55.49	(2.79)	(50.13)	52.70	258.42	158.83	64.13	9.62	(52.60)	73.75	253.15	137.43
XII	Profit / (Loss) attributable to:												
	Owners of the Parent	-	-	-	-	-	-	67.86	(32.24)	73.89	35.62	185.19	177.41
	Non-controlling interests	-	-	-	-	-	-	4.05	2.95	(0.56)	7.00	(1.22)	(4.14)
XIII	Total comprehensive income / (Loss) attributable to:												
	Owners of the Parent	-	-	-	-	-	-	60.05	6.74	(52.07)	66.79	254.33	141.55
	Non-controlling interests	-	-	-	-	-	-	4.07	2.90	(0.53)	6.97	(1.19)	(4.11)
XIV	Paid-up Equity Share Capital (Face value of Re. 1/- each)	144.21	144.21	144.21	144.21	144.20	144.21	144.21	144.21	144.20	144.21	144.20	144.21
XV	Other Equity	-	-	-	-	-	3,818.35	-	-	-	-	-	3,975.11
XVI	Earnings / (Loss) per Share (face value of Re. 1/- each) -												
	Basic (Re / Rs.)	0.42	(0.29)	0.52	0.13	1.31	1.35	0.47	(0.22)	0.51	0.25	1.28	1.23
	Diluted (Re / Rs.)	0.42	(0.29)	0.52	0.13	1.31	1.35	0.47	(0.22)	0.51	0.25	1.28	1.23

Cont...

UN-AUDITED STANDALONE AND CONSOLIDATED SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE SECOND QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2025

(Rs. in Crore unless otherwise stated)

Sl. No.	Particulars	Standalone						Consolidated					
		Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		Sep 30, 2025	June 30, 2025	Sep 30th 2024	Sep 30, 2025	Sep 30th 2024	March 31, 2025	Sep 30, 2025	June 30, 2025	Sep 30th 2024	Sep 30, 2025	Sep 30th 2024	March 31, 2025
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
1	**Segment Revenue**												
	a. Telecom Products	474.84	465.57	422.38	940.41	1,037.29	2,181.14	536.57	577.91	508.06	1,114.48	1,219.42	2,474.56
	b. Turnkey Contracts and Services	528.29	303.71	589.19	832.00	1,039.80	1,614.08	506.77	293.11	585.55	799.88	1,031.93	1,588.46
	c. Others	-	-	-	-	-	-	-	-	-	-	0.50	0.50
	Revenue from Operations	1,003.13	769.28	1,011.57	1,792.41	2,077.09	3,795.22	1,043.34	871.02	1,093.61	1,914.36	2,251.85	4,064.52
2	**Segment Results - Profit /(Loss) before tax and interest from each segment**												
	a. Telecom Products	99.09	28.84	33.28	127.93	77.32	114.38	127.21	57.06	42.35	184.27	90.04	133.28
	b. Turnkey Contracts and Services	36.14	(53.29)	98.53	(17.15)	205.56	253.82	35.92	(53.64)	98.47	(17.72)	205.12	253.17
	c. Others	-	-	-	-	-	-	(1.49)	(0.33)	(1.36)	(1.82)	0.82	(1.30)
	Total	135.23	(24.45)	131.81	110.78	282.88	368.20	161.64	3.09	139.46	164.73	295.98	385.15
	Less: i. Interest	52.97	47.74	35.57	100.71	69.32	149.46	60.90	55.62	44.88	116.52	87.19	185.01
	ii Other un-allocable expenditure net off	0.45	0.04	0.03	0.49	1.39	9.21	0.45	0.04	0.03	0.49	1.39	9.21
	iii Un-allocable income	(7.90)	(9.33)	(8.05)	(17.24)	(15.19)	(31.91)	(6.05)	(7.67)	(7.92)	(13.92)	(13.66)	(26.65)
	Total Profit / (Loss) before Tax	89.71	(62.89)	104.26	26.82	227.36	241.43	106.34	(44.70)	102.47	61.64	221.26	216.59
3	**Segment Assets**												
	a. Telecom Products	3,188.69	2,899.19	2,669.96	3,188.69	2,669.96	2,837.14	3,719.06	3,369.66	3,067.73	3,719.06	3,067.73	3,199.38
	b. Turnkey Contracts and Services	3,481.73	3,503.66	3,577.45	3,481.73	3,577.45	3,502.13	3,479.37	3,503.05	3,576.87	3,479.37	3,576.87	3,501.82
	c. Others	-	-	-	-	-	-	7.41	5.96	6.12	7.41	6.12	5.41
	d. Un-allocated	753.65	781.21	871.31	753.65	871.31	839.68	753.65	781.21	871.30	753.65	871.30	839.68
	Total	7,424.07	7,184.06	7,118.72	7,424.07	7,118.72	7,178.95	7,959.49	7,660.08	7,522.02	7,959.49	7,522.02	7,546.29
4	**Segment Liabilities**												
	a. Telecom Products	1,077.38	1,223.76	1,397.05	1,077.38	1,397.05	1,490.12	1,429.44	1,546.66	1,625.98	1,429.44	1,625.98	1,697.59
	b. Turnkey Contracts and Services	1,396.29	1,099.35	970.57	1,396.29	970.57	919.97	1,397.34	1,100.33	971.99	1,397.34	971.99	920.92
	c. Others	-	-	-	-	-	-	4.48	2.94	0.12	4.48	0.12	2.15
	d. Un-allocated	949.51	901.20	689.61	949.51	689.61	806.31	949.51	901.20	689.61	949.51	689.61	806.31
	Total	3,423.18	3,224.31	3,057.23	3,423.18	3,057.23	3,216.40	3,780.77	3,551.13	3,287.70	3,780.77	3,287.70	3,426.97

Notes :

1. The above Un-audited Standalone & Consolidated Financial Results of the Company for the second quarter and half year ended September 30, 2025 have been reviewed and recommended by the Audit Committee and were approved by the Board of Directors of the Company at their respective meetings held on October 17, 2025.
2. The above Results are in compliance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2021 (as amended).
3. During the Financial year 2023-24, the Company had issued 5,10,14,491, equity shares of face value of Re. 1 each at an issue price of Rs.69/- per equity share (including premium of Rs.68/- per equity share), aggregating to ~Rs. 352.00 Crore (including securities premium of Rs.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. Out of the proceeds from QIP issue, the Company had utilized Rs. 309.31 Crore (including share issue expenses) towards purposes/objects specified in the placement document. The balance amount of QIP proceeds amounting to Rs. 42.69 Crore remains invested in fixed deposits with scheduled commercial banks as interim use of funds. Further, the balance unutilized amount of ₹42.69 Crore, 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, had approved an extension of the timeline for utilization of the said amount up to March 31, 2026.
4. The Consolidated financial results for the second quarter and half year ended September 30, 2025 includes the results of the following entities:
   a. HFCL Limited (HFCL) (Holding Company)
   b. HTL Limited (Subsidiary)
   c. Raddef Private Limited (Subsidiary)
   d. Moneta Finance Private Limited (Wholly owned Subsidiary)
   e. Polsel Security Systems Private Limited (Wholly owned Subsidiary)
   f. HFCL Advance Systems Private Limited (Wholly owned Subsidiary)
   g. DragonWave HFCL India Private Limited (Wholly owned Subsidiary)
   h. HFCL Technologies Private Limited (Wholly owned Subsidiary)
   i. HFCL Inc. United States of America, (Wholly owned Subsidiary)
   j. HFCL B.V. Netherlands, (Wholly owned Subsidiary)
   k. Nimpaa Telecommunications Private Limited (Jointly Controlled Entity)
   l. BigCat Wireless Private Limited (Jointly Controlled Entity)
   m. HFCL Canada Inc. Canada, (Wholly owned Subsidiary of HFCL B.V.- Netherlands)
   n. HFCL Poland Sp. z.o.o. (Formerly Blue Diwali Sp. z.o.o.), Poland, (Wholly owned Subsidiary of HFCL B.V.- Netherlands)
   o. HFCL UK Limited, United Kingdom, (Wholly owned Subsidiary of HFCL B.V.- Netherlands)
   p. HFCL Pty Limited, Australia, (Wholly owned Subsidiary of HFCL B.V.- Netherlands)
5. Earning per share is not annualised for the quarter and half year ended September 30, 2025, September 30, 2024 and quarter ended June 30, 2025 .
6. The figures of the previous periods have been re-grouped/ re-arranged wherever considered necessary.

Place : New Delhi
Date : 17th October, 2025

(Mahendra Nahata)
Managing Director
DIN 00052898

BHANDARI & CO LLP * Chartered Accountants *

SUNIL & COMPANY * Chartered Accountants * FRN : 016538N NEW DELHI

HFCL LIMITED

HFCL LIMITED

Statement of Assets and Liabilities as at September 30, 2025

(All amounts are in Rs.crore)

Particulars		Standalone		Consolidated	
		As at September 30, 2025	As at March 31, 2025	As at September 30, 2025	As at March 31, 2025
		Un-audited	Audited	Un-audited	Audited
	ASSETS				
(1)	**Non-current Assets**				
	(a) Property, Plant and Equipment	644.64	469.26	824.81	630.21
	(b) Capital work-in-progress	75.88	157.20	112.20	200.03
	(c) Right-of-use-assets	25.86	16.66	25.86	16.66
	(d) Goodwill	-	-	26.17	26.17
	(e) Other Intangible assets	163.12	177.64	163.64	178.55
	(f) Intangible assets under development	458.76	401.85	458.75	401.85
	(g) Investment in subsidiaries and joint controlled entities	139.37	135.06	20.85	19.86
	(h) Financial Assets				
	(i) Investments	109.42	130.80	115.41	136.80
	(ii) Trade receivables	382.28	409.86	382.28	409.86
	(iii) Loans	39.56	29.65	5.11	11.76
	(iv) Others	85.67	70.58	89.46	72.28
	(i) Other non-current assets	42.22	43.50	65.00	71.58
	Sub-total	2,166.78	2,042.06	2,289.54	2,175.61
(2)	**Current Assets**				
	(a) Inventories	846.35	731.17	1,151.40	898.84
	(b) Financial Assets				
	(i) Investments	41.37	1.18	41.36	1.30
	(ii) Trade receivables	1,860.46	1,894.23	1,898.40	1,891.73
	(iii) Cash and cash equivalents	25.94	57.80	29.43	70.52
	(iv) Bank balances other than (iii) above	287.24	401.84	307.11	420.80
	(v) Loans	17.50	17.50	22.00	15.50
	(vi) Others	601.26	602.39	615.81	610.54
	(c) Current Tax Assets (Net)	24.66	8.16	29.43	16.42
	(d) Other current assets	1,552.51	1,422.61	1,574.99	1,445.03
	Sub-total	5,257.29	5,136.88	5,669.93	5,370.68
	Total Assets	7,424.07	7,178.94	7,959.47	7,546.29
	EQUITY AND LIABILITIES				
(1)	**Equity**				
	(a) Equity Share capital	144.21	144.21	144.21	144.21
	(b) Other Equity	3,856.68	3,818.34	3,987.36	3,934.94
	(c) Non-Controlling interest	-	-	47.14	40.17
	Sub-total	4,000.89	3,962.55	4,178.71	4,119.32
(2)	**Liabilities**				
	Non-current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	394.12	328.54	445.25	389.90
	(ii) Lease liabilities	17.42	9.73	17.42	9.73
	(b) Provisions	51.02	49.76	54.87	53.01
	(c) Deferred tax liabilities (net)	96.67	88.61	99.66	86.46
	Sub-total	559.23	476.64	617.20	539.10
	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	922.25	768.21	1,106.42	951.16
	(ii) Lease liabilities	10.89	8.97	10.89	8.97
	(iii) Operational Buyers' Credit	149.64	162.20	149.64	162.20
	(iv) Trade Payable	886.98	1,138.98	958.13	1,078.66
	(v) Other financial liabilities	460.54	428.39	484.39	442.71
	(b) Current Tax liabilities (Net)	0.81	0.75	3.58	1.54
	(c) Other current liabilities	416.72	217.09	433.93	226.80
	(d) Provisions	16.12	15.16	16.58	15.83
	Sub-total	2,863.95	2,739.75	3,163.56	2,887.87
	Total Equity and Liabilities	7,424.07	7,178.94	7,959.47	7,546.29

HFCL LIMITED

Standalone Statement of Cash Flow for the period ended September 30, 2025

(All amounts are in Rs.crore)

Particulars	Standalone		Consolidated	
	For the period ended September 30, 2025	For the year ended March 31, 2025	For the period ended September 30, 2025	For the year ended March 31, 2025
	Un-audited	Audited	Un-audited	Audited
I. Cash flow from Operating Activities :				
Net Profit before taxes and Exceptional items	26.82	241.43	61.64	216.59
Adjustments for :				
Depreciation, Impairment and Amortization expenses	59.55	84.90	68.13	105.51
(Gain)/Loss on disposal of property, plant and equipment	(0.23)	0.76	(0.22)	(0.76)
Financial Guarantee impairment	(3.46)	(7.03)	(0.15)	(0.30)
Bad Debts, Warrants forfieted, advances and miscellaneous balances written back / o	6.58	9.13	9.32	10.22
Liquidated Damages recovered on Sales	0.00	(5.94)	-	5.94
Unrealised Loss / (gain) on foreign exchange fluctuation	(3.39)	(9.62)	(1.55)	(4.05)
(Gain)/Loss on Sale of Investments - Net	(0.04)	(0.11)	(0.04)	(0.11)
Share of (profit)/loss of associates	-	-	0.01	(0.36)
Dividend and interest income classified as investing cash flows	(12.99)	(24.01)	(13.51)	(24.98)
Finance costs (net)	100.71	149.46	116.52	185.01
	146.73	197.54	178.51	276.12
Change in operating assets and liabilities :				
(Increase)/ Decrease in Trade and other receivables	58.15	349.69	13.14	422.08
(Increase)/ Decrease in Inventories	(115.18)	(112.23)	(252.56)	(124.42)
Increase/ (Decrease) in Trade payables	(251.99)	303.32	(120.53)	271.04
(Increase)/ Decrease in other financial assets	(0.95)	(438.37)	(10.04)	(438.01)
Increase/ (Decrease) in other financial liabilities	(12.56)	162.20	(12.56)	162.20
(Increase)/ Decrease in other non-current assets	0.49	73.33	2.62	(8.73)
(Increase)/ Decrease in other current assets	(129.89)	(496.99)	(129.96)	(507.61)
Increase / (Decrease) in provisions	0.95	3.31	0.75	3.56
Increase / (Decrease) in other non-current liabilities	2.60	6.86	2.99	6.79
Increase/(Decrease) in other current liabilities	218.74	134.36	239.49	118.14
	(229.64)	(14.52)	(266.66)	(94.96)
Cash generated from /(used in) operations	(56.09)	424.45	(26.51)	397.75
Income taxes paid/refund (net)	(16.50)	6.88	(17.09)	(1.76)
Net cash inflow from /(used in) operating activities	(72.59)	431.33	(43.60)	395.99
II Cash flow from Investing activities				
Payment for acquisition of subsidiaries & other investments	(1.00)	(0.36)	(1.00)	(4.45)
Payments for property, plant and equipment including CWIP	(113.05)	(209.29)	(133.74)	(230.17)
Payments for Intangible Assets	(63.45)	(178.98)	(63.46)	(179.03)
Proceeds from sale of property, plant and equipment	0.49	0.06	0.49	1.66
Bank deposits placed/matured (net)	105.89	(122.38)	102.84	(121.84)
Payment for loan to bodies corporate / subsidiaries	(9.91)	(11.92)	0.15	6.26
Proceeds from sale of Investment	12.78	4.24	12.89	4.24
Dividends received	-	-	-	-
Interest received	4.36	13.67	2.74	4.94
Net Cash flow from / (used in) investing activities	(63.89)	(504.96)	(79.09)	(518.39)
III Cash flow from Financing Activities				
Proceeds from Issue of convertible Warrants	-	10.20	-	10.20
Proceeds from issues of Share Capital (including security premium)	0.06	0.66	0.06	0.66
Share issue expenses	0.00	0.00	0.00	0.00
Proceeds from borrowings	264.92	467.36	272.84	590.19
Repayment of borrowings	(45.31)	(189.69)	(62.24)	(226.40)
Repayment of lease liabilities	(8.58)	(10.09)	(8.58)	(10.09)
	211.09	278.44	202.08	364.56
Finance Costs paid	(92.05)	(139.03)	(106.06)	(166.13)
Dividend paid	(14.42)	(28.84)	(14.42)	(28.84)
Net Cash flow from/ (used in) financing activities	104.62	110.57	81.60	169.59
IV Net increase/(decrease) in cash & cash equivalents (I + II + III)	(31.86)	36.94	(41.09)	47.19
V Cash and cash equivalents at the beginning of the financial year	57.80	20.86	70.52	23.33
VI Cash and cash equivalents at end of the period / year	25.94	57.80	29.43	70.52

Notes:

1 The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Figures in brackets indicate cash outflow.

S BHANDARI & CO LLP Chartered Accountants

OSWAL SUNIL & COMPANY FRN : 016520N NEW DELHI Chartered Accountants

HFCL LIMITED



HFCL LIMITED

Consolidated Financial Statement

for the Year Ended March 31, 2025
(as per Ind AS)

Amount in Rupees Crore

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

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 Rs. 3,795.22 Crore whereas as at March 31, 2025, contract assets amount to Rs. 652.52 Crore, the balance of work in progress (WIP) amounts to Rs. 131.32 Crore and retention amounts to Rs. 221.51 Crore. 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.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. 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 Rs. 2,322.32 Crore and the provision for impairment of receivables amounted to Rs. 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, • 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.	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.
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'.	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.

	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.	• 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 Rs. 13.64 Crore as at March 31, 2025, total revenues of Rs. 0.60 Crore, Net profit after tax of Rs. 0.94 Crore, total comprehensive income of Rs. 0.90 Crore and net cash inflows of Rs. 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 Rs. 678.48 Crore as at March 31, 2025, total revenues of Rs. 582.01 Crore, Net profit/(loss) after tax of Rs. (19.41) Crore, total comprehensive income/(loss) of Rs. (19.00) Crore, and net cash inflows of Rs. 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 Rs. 76.65 Crore as at March 31, 2025, total revenue of Rs. 69.60 Crore, Net Profit after tax of Rs. 0.58 Crore and total comprehensive income of Rs. 0.40 Crore and net cash outflow amounting to Rs. 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 Rs. 11.49 Crore as at March 31, 2025, total revenues of Rs. 19.90 Crore, total net profit/(loss) after tax of Rs. 1.36 Crore, total comprehensive (loss)/profit of Rs. 1.41 Crore, for the year ended March 31, 2025, and net cash inflows of Rs. 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 Rs. 70.33 Crore as at March 31, 2025, total revenues of Rs. 55.99 Crore, total net profit/(loss) after tax of Rs. 1.28 Crore, total comprehensive (loss)/profit of Rs. 0.89 Crore, for the year ended March 31, 2025 and net cash inflows of Rs. 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 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 Rs. 0.36 Crore, total comprehensive income of Rs. 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 pare (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, 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

HFCL Limited
Consolidated Balance Sheet as at March 31,2025
(All amounts are in Rs. 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	320.31
(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	213.02
(v) Loans	18	15.50	20.01
(vi) Others	19	610.54	173.74
(c) Current Tax Assets (net)	20	16.42	82.50
(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	23	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	68.13
- 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/C-000533

J. S. P. Bansal
Partner
M.No. 070980

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No.: 050931

Place: New Delhi
Date: 22 May 2025

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN:AALPJ8603K

Arvind Khandelia
Director
DIN:00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: 22 May 2025

HFCL Limited
Consolidated Statement of Profit and Loss for the year ended March 31,2025
(All amounts are in Rs. 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	4,004.52	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	1,291.20
	Change in inventories of finished goods, work-in progress and stock-in trade	35	(82.47)	(103.89)
	Employee benefits expense	36	363.55	350.53
	Finance Costs	37	185.01	147.28
	Depreciation, Impairment and Amortization expenses	3, 5, 43	100.51	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-**		**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
	(ii) (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

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No.: 056931

Place: New Delhi
Date: 22 May 2025

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN:AALPJ8603K

Arvind Khanduja
Director
DIN:00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: 22 May 2025

HFCL Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2025
(All amounts are in Rs. 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 Guarantee 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**	**78.62**
	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)
III	**Cash flows from financing activities**			
	Proceeds from Issue of Convertible Warrants		10.20	75.20
	Proceeds from issues 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**

HFCL Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2025
(All amounts are in Rs. Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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: 22 May 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 Bahl
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: 22 May 2025

HFCL Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2025

(All amounts are in Rs. Crore)

A. Equity Share Capital

Particulars	Amount
Balance as at April 1, 2023	137.64
Changes in equity share capital (refer note no. 22A)	3.37
Balance as at March 31, 2024	141.01
Changes in equity share capital (refer note no. 22A)	0.29
Balance as at March 31, 2025	141.31

B. Other equity

Particulars	Money received against Convertible Warrants	Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Income		Total Equity attributable to Owners of the Company	Non-Controlling Interest	Total Equity
			Securities Premium	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	36.69	3,006.59
Profit for the year	-	-	-	-	-	129.82	-	-	129.82	7.72	137.54
Other Comprehensive Income for the year	-	-	-	-	-	(0.43)	130.65	(0.61)	129.61	(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 Rs. 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	-	-	-	-	-	3.51	(3.51)	-	-	-	-
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	(36.70)	(0.54)	(35.93)	0.02	(35.91)
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	-	-	-	-	-	(28.86)	-	-	(28.86)	-	(28.86)
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	-	-	-	-	-	1.81	-	1.81
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

For Desai Sunil & Company
Chartered Accountants
Firm Reg. No. 016528N

J. P. Bansal
Partner
M.No. 070080

Sunil K Lahoti
Partner
M.No.: 086831

Place: New Delhi
Date: 22 May 2025

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ0640K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5854

Place: New Delhi
Date: 22 May 2025

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 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.

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:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle; or
b) Held primarily for the purpose of trading; or
c) Expected to be realised within twelve months after the reporting period other than for (a) above; or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

a) It is expected to be settled in normal operating cycle; or
b) It is held primarily for the purpose of trading; or
c) It is due to be settled within twelve months after the reporting period other than for (a) above; or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.5. Fair value measurement

The Group measures financial instruments, such as 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:
  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 Group's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.6. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.7. Property Plant and Equipment

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
- 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)
- 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 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 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.

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 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.

- **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.

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;
– 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.

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.

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. 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.

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.

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**	**24.68**	**20.90**	**10.66**	**36.15**	**17.49**	**20.94**	**0.88**	**949.38**
Additions	36.69	7.18	4.25	1.95	1.09	1.14	7.37	3.25	12.61	-	77.54
Disposals / Adjustments	2.79	-	0.00	0.11	0.28	0.46	0.10	1.92	-	-	13.71
Balance As at March 31, 2024	**634.99**	**184.01**	**33.96**	**26.52**	**21.71**	**11.34**	**37.42**	**18.82**	**33.56**	**0.88**	**1,013.21**
Additions	115.93	51.83	8.74	15.51	1.14	1.33	2.80	0.72	2.50	-	201.70
Disposals / Adjustments	0.88	0.50	-	8.28	0.75	0.57	7.61	0.52	-	-	19.11
Balance As at March 31, 2025	**750.04**	**235.34**	**42.70**	**51.75**	**24.10**	**12.30**	**32.61**	**19.02**	**36.06**	**0.88**	**1,195.80**
Accumulated Depreciation and Impairment											
Balance As at April 1, 2023	**336.33**	**31.37**	**12.52**	**24.50**	**11.76**	**8.75**	**26.72**	**10.29**	-	**0.25**	**462.29**
Depreciation for the year	45.31	6.13	1.46	2.86	2.80	1.03	3.68	2.64	-	0.01	65.96
Disposals / Adjustments	2.61	-	0.00	0.09	0.26	0.45	3.85	1.64	-	-	10.90
Balance As at March 31, 2024	**379.03**	**37.50**	**13.94**	**27.07**	**14.30**	**9.33**	**26.55**	**11.29**	-	**0.26**	**529.27**
Depreciation for the year	40.76	6.40	1.97	2.33	2.51	1.08	3.90	3.10	-	0.01	61.26
Impairment during the year	3.13	-	-	-	-	-	-	-	-	-	3.13
Disposals / Adjustments	0.70	0.09	-	8.27	0.73	0.84	7.26	0.49	-	-	18.09
Balance As at March 31, 2025	**422.22**	**43.81**	**15.91**	**29.13**	**16.08**	**9.86**	**23.19**	**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	8.45	9.41	2.01	10.87	7.53	33.56	0.62	495.86
Balance As at March 31, 2025	327.82	191.53	27.75	22.62	8.02	2.44	9.42	5.90	36.06	0.61	620.21

Notes:
1. 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	23rd September, 1994
Property, plant and equipment (HFCL Limited)*	Land (Freehold)	1.64	Erstwhile amalgamated Companies	No	5th January, 2011
Property, plant and equipment (HFCL Limited)**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	5th September, 2022
Property, plant and equipment (HTL Limited) (refer Note 50 (1) (a))	Land (Freehold)	-	State Government of Tamil Nadu	No	30th September, 1970

* 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 Rs 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 20th 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 upon 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 matation will be undertaken.

** The aforesaid land is alloted to the Holding Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIIC and Holding Company is currently having physical possession of the said land. TSIIC 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 35 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

Particulars	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

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

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/6G 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 Mar 31, 2024	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted Investments					
Investment in Equity Instruments - Equity Shares					
Nirgun Telecommunication Private Limited (includes Goodwill of Rs 1 Crore)	10	10,00,000	1.00	10,00,000	1.00
Add / (Less) : Cumulative Share of profits			2.14		2.14
BigCat Wireless Private Limited (includes Goodwill of Rs 5.36 Crore)	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited - (Partly paid @ Rs 6.50 per share (previous year : Rs 6.50 per share) out of the face value of Rs.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			-		-

7.2 **Additional details of Jointly Controlled Entities**

Particulars	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
Nirgun 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		
(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					
Ericsson Tele-Systems Limited*	10	75,62,670	111.66	75,62,670	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
IIFCL Bejing Telecom Limited	10	100	-	100	-
Amplus Ira Private Limited	10	40,91,300	6.09	-	-
Niveti Systems Private Limited	1	2,17,594	19.08	2,17,594	17.93
			25.29		**18.08**
Total Investment in Equity Instrument measured at FVTOCI			**136.95**		**167.37**
(iii) Investment in Debt Instruments					
Atul Properties Private Limited (OFCDs) - Redeem at completion of 17 Years from date of allotment i.e. 04th 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 Ericsson 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 Rs 52.98 Crore (Previous year Rs 38.65 Crore/-) are held as margin money/securities with banks and fixed deposits of Rs. 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.

11 Deferred tax assets (net)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Group's net deferred income tax are as follows:-

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	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	285.98	169.76
Raw Materials in transit	13.74	60.94
	299.62	**230.70**
Work-in-progress	177.09	240.33
Finished goods	106.22	126.38
Stock-in-trade	236.71	170.63
Stock-in-trade in transit	10.91	-
Stores and Spares	23.69	20.04
Loose tools	4.42	4.80
Others (Packing Material)	0.87	1.34
Total	**859.84**	**774.42**

Notes:
(i) Work in progress includes contract work in progress of Rs.131.32 Crore (Previous year: Rs. 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	4.80
(ii) Investments in Equity Instruments -other	0.58	0.39
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) Investment in mutual funds - Quoted Investment					
Axis Liquid Fund - Direct Growth #	1000	2,757	0.37	-	-
MCSL Capital Compounder Fund - I	100	-	-	2,80,000	4.25
Quant Large Cap Fund - Regular Plan Growth	10	2,49,900	0.35	2,49,900	0.55
Total Investment FVTPL			**0.72**		**4.80**
Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)					
(i) Investment in equity instruments - Quoted Equity Shares					
Adinath Bio Labs Limited	1	44,08,800	-	44,08,000	-
Maxvim Biotech Limited	1	17,000	-	17,000	-
Samudra Retail Services Limited	10	18,200	0.32	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
Saharn One Media and Entertainment Limited	10	7,50,950	-	7,50,950	-
			0.46		**0.41**
(ii) Investment in equity instruments - Unquoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Roshel Apparel Limited	10	4,78,500	-	4,78,500	-
NSL Wind Power Company (Pavdewadi) Private Limited	10	1,13,000	0.11	1,83,995	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

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	609.86	1,878.21	928.31	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	-	(19.35)	-	(10.26)
Total	**609.86**	**1,891.73**	**928.31**	**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

Particulars	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	148.31	69.48	73.98	46.26	185.38	2,221.04
- 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**	**148.31**	**69.48**	**73.98**	**46.26**	**185.38**	**2,321.34**
Less : Amount disclosed under non-current financial assets							(609.86)
Less: Expected credit loss allowance of trade receivables							(19.55)
Total current trade receivables							**1,891.73**

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	744.34	221.86	171.08	72.01	0.48	2,652.98
- which have significant increase in credit risk	-	-	-	-	-	97.16	97.16
- credit impaired	-	-	-	-	-	1.83	1.83
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**	**744.34**	**221.86**	**175.86**	**72.01**	**98.77**	**2,756.85**
Less : Amount disclosed under non-current financial assets							(520.31)
Less: Expected credit loss allowance of trade receivables							(10.26)
Total current trade receivables							**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	109.59
Balance with Bank in Dividend account**	1.83	0.91
Balance with Bank in QIP monitoring account**	3.85	0.01
Balance with Bank - CSR (unspent)**	3.72	2.01
Total	**420.80**	**112.52**

* Out of above, fixed deposits of Rs.314.47 Crore (Previous year Rs. 243.01 Crore) are held as margin money securities with banks by the Group and fixed deposits of Rs. 52.93 Crore (Previous year Rs. 52.50 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 corresponding to above accounts has restricted use.

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	4.58
Other Receivables	77.85	39.34
Interest Receivable	35.76	52.88
Subsidy claim receivable form government	53.15	53.15
Receivables for sales of Investments	1.25	1.25
Total	**618.54**	**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	52.48
Total	**16.42**	**52.48**

21 Other Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Indirect tax recoverable	362.63	163.59
Indirect Tax paid under protest	1.85	1.98
Other Receivables	0.81	-
Prepaid Expenses	37.45	38.71
Export financing receivable	1.84	1.44
Project & other vendor advances	488.25	364.76
Contract Assets (without revenue cycle Note 31)	652.87	376.91
Total	**1,445.85**	**837.39**

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	**1,37,63,76,321**	**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 **	3,10,14,491	3.10	-	-
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	3,97,500	0.00	-	-
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 11,74,108 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 3,10,14,491, equity shares of face value of Re. 1 each at an issue price of Rs 69/- per equity share (including premium of Rs 68/- per equity share), aggregating to ~Rs. 352.00 Crore (including securities premium of Rs 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 Rs 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	% of Holding	No. of share	% of Holding
MN Ventures Private Limited	27,38,65,000	18.98	29,38,65,000	20.33
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	29,38,65,000	20.33	(1.35)
NextWave Communications Private Limited	19,48,65,000	13.51	21,98,65,000	15.26	(1.75)
Future Tech Solutions Private Limited	2,21,50,000	1.54	2,23,00,000	1.55	(0.01)
Viman Brothers Private Limited	6,71,000	0.05	6,71,000	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 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	107.88	103.86
b. Foreign currency translation reserve	(3.78)	(3.44)
(iii) Other Reserves*		
a. Securities Premium	1,305.98	1,491.91
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.81	1.02
d. Capital reserve (on bargain purchase)	2.22	2.22
(iv) Money received against Convertible Warrants**	-	3.80
Total	**3,934.54**	**3,811.53**

(1) * Brief description of Other Reserves:

a. 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.

b. 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 Rs. 100/- each.

c. 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. Rs.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	175.27	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	4.34	(7.72)
Transfer to Retained Earnings	0.40	1.55
Closing Balance	**2,243.94**	**2,091.66**

(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	Employee Share based payment	Capital Reserve
As at April 1, 2023	**1,856.78**	**80.50**	1.69	2.21
Increase during the year	436.04	-	-	-
Decrease during the year	1.81	-	0.67	-
As at March 31, 2024	**1,491.91**	**80.50**	1.02	2.21
Increase during the year	15.24	-	-	-
Decrease during the year	1.17	-	-	-
As at March 31, 2025	**1,505.98**	**80.50**	1.02	2.21

(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*	260.93	201.31
Term Loan from Others*	141.63	31.17
Vehicle Loans from Banks	4.19	1.25
	406.75	**233.73**
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**	**163.21**

* net off of Rs. 3.70 Crore (Previous year Rs.3.85 Crore) as finance charge

Regarding Holding Company:

a) Term Loan of Rs. 37.11 Crore (Previous year Rs. 59.21 Crore) and Rs. 178.01 Crore (Previous year Rs. 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.

b) Term Loan of Rs. 9.13 Crore (Previous year Rs. 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 Rs. 22.07 Crore (Previous year Rs. 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 Rs. 5.14 Crore (Previous Year 3.53 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 Rs.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 Rs. 4.19 Crore (Previous Year Rs. 1.25 Crore) from banks are secured by way of hypothecation of respective vehicle.

g) Out of total un-secured term loan of Rs. 99.62 Crore, term loan of Rs.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 Loans of Rs. 9.47 Crore (Previous year Rs. 32.98 Crore) from bank and Term Loan of Rs 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 25.80% shareholding of the Holding Company in HTL Ltd.

i) Term and other Loans - Repayment schedule and rate of interest :

Particulars	Secured		Unsecured
	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	101.23	1.24	18.00
FY 2026-27	83.19	1.33	41.00
FY 2027-28	84.48	1.09	41.00
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**

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 Rs.340.51 Crore (Previous year: Rs.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 enitre 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 Rs. 53.82 Crore (Previous year: Rs. 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 enitre 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 captial loan of Rs 80.83 Crore (Previous year: Rs 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

Particular	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**

Ageing of undisputed trade payables as at 31st March, 2024

Particular	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
Contarct 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**

S BHANDARI & CO LLP Chartered Accountants

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:

(i) i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115.

(ii) ii) 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 Rs. 18.48 Crore (Previous year Rs.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.

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

	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 Costs

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)**

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 period 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
	185.01	**147.28**

38 Other expenses

Particulars	For the period 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 Rs. 0.45 Crore) paid to auditors toward QIP share issuance and being debited to share issue expenses during the previous year.

39 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the years ended March 31, 2025	For the years 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	Re. 1/-	Re. 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 indications 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.

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. The Group has opted 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 receives pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely dependent 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 recognized 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.

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 in its customers. R&D Centres of the Group are focused on developing telecom and networking products to be extensively 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	8.77
(ii) Capital Expenditure on		
(a) Property, Plant & Equipment	3.82	6.46
(b) Intangible Assets	28.27	55.54
(c) Intangible Assets under development being expenditure on new product development	139.44	161.58
Total	177.81	232.85

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. Rs 0.20/- per equity share of face value of Re 1/- each (Previous Year Rs. 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. Rs 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	-	0.60	-	0.60
Buildings	12.43	16.58	(8.05)	11.87
Total	12.43	16.66	(8.05)	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	5.08
Total	7.49	5.08

The details of the Lease Liabilities payable by the Group is as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Current Liabilities	8.93	4.89
Non-Current Liabilities	8.77	8.07
Total	18.70	12.96

Interest on lease liabilities is Rs 1.68 Crore and Rs 1.41 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 commitments towards dividend as per the contract. The leases that the Group has entered with lessors comprise properties used as warehouse/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
Poineal Security Systems Private Limited	100%	India
Moneon Finance Private Limited	100%	India
HFCL Advance Systems Private Limited	100%*	India
Radiall Private Limited	98%	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 Diwall Sp. (Liq.)w.e.f. May 17,2024)	100%	Poland
HFCL UK Limited (w.e.f. July 1,2024)	100%	UK
HFCL Pty Limited (w.e.f. October 28, 2024)	100%	Australia
Nirpun Telecommunications Private Limited (Jointly Controlled Entity)	50%	India
BigCat Wireless Private Limited (Jointly Controlled Entity with 58% voting right)	40.79%	India

*Jointly with subsidiary company

(b) Additional Information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Jointly Controlled Entities

Name of the Enterprise	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)
Pelinal Security Systems Private Limited	0.16	6.43	(0.10)	(0.14)
Moneon Finance Private Limited	0.07	2.71	(0.01)	(0.02)
HFCL Advance Systems Private Limited	-	(0.01)	(0.01)	(0.01)
Radiall Private Limited	(0.13)	(5.46)	(1.38)	(1.90)
DragonWave HFCL India Private Limited	0.26	10.56	0.67	0.92
HFCL Technologies Private Limited	0.40	16.72	(1.26)	(1.74)
Subsidiaries - Foreign				
HFCL INC.	(0.02)	(0.71)	0.65	0.89
HFCL B.V.	0.12	4.81	1.83	1.41
Jointly Controlled Entities- Indian				
Nirpun Telecommunications Private Limited	-	-	0.06	0.08
BigCat Wireless Private Limited	-	-	6.26	8.26
Inter Company Elimination & Adjustments	(2.33)	(96.31)	(4.34)	(3.97)
Non- Controlling interest in all subsidiaries				
HTL Limited	0.09	48.62	(2.84)	(3.90)
Radiall Private Limited	(0.81)	(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.

Actuarial assumptions:

	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%	7.19%
Average remaining working lives of employees (Years)	17.52	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	2.57	1.98
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	5.16	5.16
Curtailment cost / (Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(3.84)	(1.77)
Actuarial (gain)/ loss on obligations	(1.41)	0.68
Present value of obligation as at the end of the period	33.96	32.88
Table showing changes in the fair value of plan assets :		
Fair value of plan assets at beginning of the year	3.31	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
Charges deducted	-	-
Fair value of plan assets at year end	3.61	3.31
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
Unrecognized 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	33.96	32.88
Fair value of plan assets as at the end of the period	3.61	3.31
Funded Status	(32.35)	(29.57)
Unrecognized actuarial (gains) / losses	Nil	Nil
Net asset / (liability) recognized in Balance Sheet	(32.35)	(29.57)

(All amounts are in Rs. Crore)

Expenses recognized 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
Expected return on plan assets	(0.26)	(0.36)
Curtailment and settlement cost /(credit)	Nil	Nil
Expenses recognized in the Consolidated Statement of Profit and Loss	7.27	6.76

Table showing bifurcation of employee benefit obligations

Current Liability	8.06	5.72
Non Current Liability	27.26	27.81

Sensitivity analysis of the defined benefit obligation:

Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	35.98	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	35.98	32.88
Impact due to increase of 0.5%	1.53	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	1.91
March 2027 to March 2028	2.86	1.78
March 2028 to March 2029	2.11	3.47
March 2029 to March 2030	1.93	1.83
March 2030 to March 2031	2.01	2.24
March 2031 onwards	18.92	18.24

Investment Details

HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.61	3.37

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, 2020	For the year ended March 31, 2019
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	6.85%	7.73%
Rate of increase in Compensation levels	6.00%	7.00%
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	28.78
Acquisition adjustment	-	-
Interest Cost	2.17	1.97
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	(3.34)
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%	1.48	1.69
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	1.76
Impact due to decrease of 0.5%	(1.37)	(1.60)

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 4.58%-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, 2020	As at March 31, 2019
(i) Unexpired Letters of Credit (margin money paid Rs.25.92 Crore, Previous year Rs.37.32 Crore)	188.88	339.72
(ii) Guarantees given by Banks on behalf of the Group (margin money kept by way of fixed deposits of Rs.160.21 Crore, Previous year Rs.179.67 Crore)	954.37	927.84
(iii) Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest Rs.2.94 Crore (previous year Rs.4.30 Crore) shown as recoverable advance)	49.87	105.85

Notes:

i) The Group's pending litigations comprise of claims against the Group and proceedings pending with Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.

ii) The Group periodically reviews all its long term contracts 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 no understand that no further liability for apex ex.

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.

48 The Group has outstanding rupee derivative contracts as referred in note no. 58

49 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.

(h) 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	282.84
Benefit of custom duty availed under EPCG Scheme against which export obligations are pending	78.58	30.84
Unutilised capital Commitments pertaining to investments	5.09	5.80

(i) 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
Avicent Tele-Systems Limited	Punjab National Bank ltd 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.

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. Kanaiji Chandrasekhar, Chief Executive Officer- Biaddof Private Limited Mr. Arvind Khandelwala, Managing Director- HFCL Technologies Private Limited Ms. Piyush Kanna, Company Secretary-HFCL Technologies Private Limited (w.e.f 04.03.2021) Mr. Mahaveer Singh, Company Secretary-HFCL Technologies Private Limited (from 01.06.21upto 31.12.21) Mr. Prashant Kishnani, Company Secretary-HFCL Technologies Private Limited(from 04.04.2022 upto 06.04.2023)
(b) Jointly Controlled Entities :	Nirman 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 Avicent Tele-Systems Limited Avicent Energy System Private Limited Avicent Power Systems Private Limited Satellite Finance Private Limited Shankar Sales Promotion Private Limited Vimaan Brothers Private Limited Fiberm 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

(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/receivable of Goods & services		
Avicent Tele-Systems Limited	11.24	0.66
Avicent Energy System Private Limited	0.01	0.19
Nirman Telecommunications Private Limited	7.81	11.44
Sales/rendering of Goods and Materials		
Avicent Tele-Systems Limited	7.73	8.65
Avicent Energy System Private Limited	0.78	-
Nirman Telecommunications Private Limited	0.18	0.72
Income - Rent /Other Income		
Avicent Tele-Systems Limited	0.47	0.46
Avicent Energy System Private Limited	0.01	0.01
Avicent Power Systems Private Limited	0.01	0.01
Income - Interest on Loan given		
Nirman Telecommunications Private Limited	0.17	0.33
Expenses - Rent /Other expenses		
Avicent Tele-Systems Limited	0.92	0.87
Satellite Finance Private Limited	0.19	0.19
Shankar Sales Promotion Private Limited	0.29	0.78
Evanser Spaces LLP	1.12	-
Vimaan Brothers Private Limited	0.18	0.78
Loans and Advances given / (received) during the year		
Nirman Telecommunications Private Limited	(1.75)	(0.58)
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.12	0.91
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	-	(0.68)
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.23	-
Dividend paid		
MN Ventures Private Limited	3.92	1.87
Nextwave Communications Private Limited	4.00	4.48
Shankar Sales Promotion Private Limited	0.01	0.01
Vimaan Brothers Private Limited	0.01	0.01
Fiberm 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	0.03	0.03
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	0.03
Shares to (Convertible into Equity Shares on preferential basis)		
MN Ventures Private Limited	-	60.00
Mr. Vijay Raj Jain - Chief Financial Officer- HFCL Limited	-	9.00
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	-	1.20

(All amounts are in Rs. Crores)

Closing Balances of Receivables		
Exicom Tele-Systems Limited	8.31	2.26
Exicom Energy Systems Private Limited	0.41	0.04
Nimpna Telecommunications Private Limited	0.21	0.01
Closing Balances of Loans		
Nimpna Telecommunications Private Limited	8.55	2.00
Closing Balances of Security Deposit		
Tantlin Finance Private Limited	0.10	0.10
Everest Saraya LLP	0.30	-
Exicom Tele-Systems Limited	0.40	-
Vimaan Realtors Private Limited	-	0.40
Closing Balances of Trade Payables		
Exicom Tele-Systems Limited	0.26	-
Exicom Energy Systems Private Limited	0.00	-
Nimpna Telecommunication Private Limited	0.76	1.10
MN Ventures Private Limited	7.46	-
Shankar Sales Promotion Private Limited	-	0.16
Vimaan Realtors Private Limited	-	0.13
Closing Balance of Contribution towards ESOP Trust		
HFCL Employee Trust (Trust)	1.10	1.04
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	0.36	0.31
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.25	-
Remuneration of Key Management Personnel*#		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	7.36	9.80
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	3.29	4.55
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.79	1.42
Mr.G.S.Nalda, COO & Manager - HTL Limited	1.11	1.89
Mr. C. D. Pattnaya, Chief Financial Officer- HTL Limited	0.85	0.95
Mr. S Vanyalam, Company Secretary- HTL Limited	0.28	0.29
Mr. Kamraji Chandrasekhar, Chief Executive Officer- Auklet Private Limited	0.49	0.31
Mr. Arvind Khandelwal, Managing Director- HFCL Technologies Private Limited	0.41	0.33
Mr. Piyush Kumar, Company Secretary- HFCL Technologies Private Limited (w.e.f 04.03.2024)	0.30	0.01
Mr. Mahaveer Singh, Company Secretary- HFCL Technologies Private Limited (from 01.03.23 upto 29.12.23)	-	0.07
Remuneration payable to Key Management Personnel*#		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.72	0.23
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.32	0.13
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.09	0.03
Mr. Arvind Khandelwal, Managing Director- HFCL Technologies Private Limited	0.01	0.01
Mr. Piyush Kumar, Company Secretary-HFCL Technologies Private Limited (w.e.f 04.03.2024)	0.01	0.01
Mr. Kamraji Chandrasekhar, Chief Executive Officer- Auklet Private Limited	0.01	0.05
Mr.G.S.Nalda, COO & Manager - HTL Limited	0.36	0.25
Mr. C. D. Pattnaya, Chief Financial Officer- HTL Limited	0.10	0.17
Mr. S Vanyalam, Company Secretary- HTL Limited	0.06	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:
i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
ii) The remuneration to Key Managerial Personnel are in line with the HR policies of the group.
iii) Loans and advances given to Directors/ KMPs have specified terms and/or rate of repayment and are in line with HR policies of the group.
iv) The Holding Company makes advances to its associate companies in order their short term business requirements. Such advances carry interest rate at the rate applicable to the term loan as per Holding Company's policy.

v) 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.
vi) Outstanding balances of group companies at the year-end are unsecured.

II 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.
i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.
ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.
iii. Expenses / Income which are not directly attributable to the segments are included under un-allocable expenditure / income.
iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.
v. 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.

vi. 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.

(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 & Services		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	2,074.56	1,862.48	1,989.86	3,602.76	0.59	-	4,064.31	5,465.09
Segment Result	133.58	115.06	251.17	367.06	(1.58)	1.09	383.17	483.92
Unallocated Finance charges							(183.11)	(147.28)
Unallocated expenses							9.11	8.35
Unallocated Income							25.69	32.85
Profit before tax							234.86	374.84
Income tax (net)							43.31	136.98
Profit after tax							191.54	237.86
Other Information								
Segment assets	2,199.38	2,148.11	3,201.82	3,416.35	5.44	4.25	5,406.65	5,570.70
Unallocated other assets							839.68	316.13
Total assets	2,199.38	2,148.11	3,201.82	3,416.35	5.44	4.25	7,246.33	6,886.84
Segment liabilities	1,697.58	773.83	838.90	1,078.16	2.10	0.45	2,638.57	1,852.43
Unallocated other liabilities							806.11	634.59
Total liabilities	1,697.58	773.83	838.90	1,078.16	2.10	0.45	3,444.67	2,487.02
Depreciation	102.61	79.06	1.90	2.72	-	-	104.51	81.78
Capital Expenditure	412.68	362.39	1.00	1.28	0.59	11.37	426.27	385.04
Non cash expenses other than Depreciation	0.01	0.78	3.72	-	-	0.01	10.11	1.78

(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	3,367.55	3,964.41
Outside India	696.57	500.64
Total revenue as per statement of profit and loss	4,064.32	4,465.05
(2) Non Current Assets		
Within India (excluding financial assets & deferred tax assets)	1,344.89	1,218.91
Outside India	0.03	0.02
Total	1,344.92	1,218.93

a) Revenue from three customer is Rs. 1899.37 Crore (Rs. 1794.51 Crore from three customers), which is more than 10% of the total revenue of the Group Company.

31 Interest charges on loans is net of Interest income from loans and advances amounting to Rs.2.31 Crore (Previous year Rs.5.23 Crore).

32 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
Aakanksha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Aanvitaben Pvt Ltd	Shareholder	0.00	Not Related
Advait Financial Private Limited	Shareholder	0.00	Not Related
Ankul Capital Limited	Shareholder	0.00	Not Related
Asha Leafs & 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
Baba Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Baba Securities Pvt Ltd	Shareholder	0.00	Not Related
Bhai Mavanjee 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 & Fibre Ltd	Shareholder	0.00	Not Related
Dashi Atul Bavishi Securities Pvt. Ltd	Shareholder	0.00	Not Related
Emmes Financial Services	Shareholder	0.00	Not Related
Enpee Investments Pvt Ltd	Shareholder	0.00	Not Related
Eastkonnar 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
Farbar Traders Pvt Ltd	Shareholder	0.00	Not Related
G. Mar Trading Pte 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
Indian Exim Pvt Ltd	Shareholder	0.00	Not Related
Jai Sri Securities	Shareholder	0.00	Not Related
Jalaxar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Kothari Fibre Purchase Private Limited	Shareholder	0.00	Not Related
Lakshmi Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetown Leasing & Holdings Pvt Ltd	Shareholder	0.00	Not Related
Mahtal Investors Association Ltd	Shareholder	0.00	Not Related
Mardidhar 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 Fuga Info Ltd	Shareholder	0.00	Not Related
Ramniwas Associates Ltd	Shareholder	0.00	Not Related
S J Capital Ltd	Shareholder	0.00	Not Related
Sai Shanti Lac - Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shankar Stock & Capital Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Stanmac 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
Symphony Securities Pvt. Ltd	Shareholder	0.00	Not Related
The Punjab Electric Power Co Ltd	Shareholder	0.00	Not Related
The Saraswat Savings And Investment Ltd	Shareholder	0.00	Not Related
Visual Housing Pvt Ltd	Shareholder	0.00	Not Related
Vrm Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Wyndham Portfolio (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
Carrasco Services Private Limited	Vendor	0.01	Not Related
E Cell Infratel Pvt Ltd	Vendor	0.31	Not Related
InPlus Enterprises Pvt Ltd	Vendor	1.49	Not Related
Dry Airtime Pvt Ltd	Vendor	0.00	Not Related
Himgiri Towers Add Infrastructure	Vendor	0.24	Not Related
Himgiri Power Engineers Pvt	Vendor	0.93	Not Related
Vas Infratel Pvt Ltd	Vendor	0.04	Not Related
Aradhana Transtrade Pvt Ltd	Vendor	0.81	Not Related
Swastika Tele Solutions Pvt Ltd	Vendor	0.00	Not Related
Pranardica Infraindustry Pvt Ltd	Vendor	0.21	Not Related
Adinath Infrastructure Pvt Ltd	Vendor	0.81	Not Related
Himalayan Infragrow Pvt Ltd	Vendor	0.00	Not Related
Om Dribha Projekt Pvt Ltd	Vendor	0.86	Not Related
JC Infrabuildcon Pvt Ltd	Vendor	0.55	Not Related
Sumas Infratech Private Ltd	Vendor	0.08	Not Related
HT Infratech Services Pvt Ltd	Vendor	0.67	Not Related

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
Aakanksha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Abhay Carrots 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
Ankul Capital Limited	Shareholder	0.00	Not Related
Arnav 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
Baba Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdn Securities Pvt Ltd	Shareholder	0.00	Not Related
Binary Solutions Pvt Ltd	Shareholder	0.00	Not Related
Big Securities Private Limited	Shareholder	0.00	Not Related
Bhai Mavanjee 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
Dash investments Pvt Ltd	Shareholder	0.00	Not Related
Emmes Capital Services (P) Ltd	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Farbar 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
Indian Exim Pvt Ltd	Shareholder	0.00	Not Related
Jalaxar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Kothari International Ltd	Shareholder	0.00	Not Related
Lakshmi Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holdings Pvt Ltd	Shareholder	0.00	Not Related
Mks Mr Services Pvt Ltd	Shareholder	0.00	Not Related
Opalite Gems Private Ltd	Shareholder	0.00	Not Related
Optiflex Information & Systems Pvt Ltd	Shareholder	0.00	Not Related
Optiflow Securities Pvt. Ltd.	Shareholder	0.00	Not Related
Pushpa Monopolis Pvt Ltd	Shareholder	0.00	Not Related
Pushpa Traders Pvt Ltd	Shareholder	0.00	Not Related

(All amounts are in Rs. Crore)

Prayas Mercantile Pvt Ltd	Shareholder	0.06	Not Related
Ramdeo Associates Ltd	Shareholder	0.06	Not Related
Ronak Fabrics Pvt. Ltd.	Shareholder	0.01	Not Related
Sai Shraddha Company Pvt Ltd	Shareholder	0.06	Not Related
Sai Shruti Ltd - Fir Private Limited	Shareholder	0.06	Not Related
Sajjan Securities Pvt Ltd	Shareholder	0.06	Not Related
Shyam Engineering Co Pvt Ltd	Shareholder	0.06	Not Related
Investment Stock Services Private Limited	Shareholder	0.06	Not Related
Sonica Software Private Limited	Shareholder	0.06	Not Related
Starlight Investments Pvt. Ltd.	Shareholder	0.06	Not Related
Sunil Enterprise Pvt Ltd	Shareholder	0.06	Not Related
Sunshakti Securities Pvt Ltd	Shareholder	0.06	Not Related
Touchstone Stock Management P. Ltd	Shareholder	0.06	Not Related
Vaishali Shares Limited	Shareholder	0.06	Not Related
Vicco Properties Private Limited	Shareholder	0.06	Not Related
Vidhan Marketing Pvt Ltd	Shareholder	0.06	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.06	Not Related
Vrm Consultants Pvt. Ltd.	Shareholder	0.06	Not Related
Woodmen Products (P) Ltd	Shareholder	0.06	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.06	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.06	Not Related
Zen Securities Limited -Client (Domain)	Shareholder	0.06	Not Related
Zenith Logistics Private Limited	Shareholder	0.06	Not Related
Zion Financial Services Pvt Ltd	Shareholder	0.06	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 1,00,00,000 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. Rs.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 in 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.

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	9,18,800	15,82,200
Granted	-	-
Exercised	2,21,300	6,63,400
Forfeited and expired	-	-
Outstanding at the end	6,97,500	9,18,800
Exercisable at the end	6,97,500	9,18,800

* 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 price per share	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (Rs.)
20-25 (ESOPs)	6,97,500	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
Nimpua Telecommunications Private Limited	6.75	2.50	8.75	2.50

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 utilized by the recipient	March 31, 2025	March 31, 2024
(A)	Loans and Advances			
	Other Related Party:			
	(a) Nimpua Telecommunications Private Limited	Working capital	6.75	2.50
	Other Party:			
	(a) Parmish Fitmass Limited	Working capital	2.50	2.50
	(b) Infotel Business Solutions Limited	Working capital	4.80	4.80
(B)	Guarantees Given			
	Other Related Party:			
	(a) Reliance Tele-Systems Limited	Corporate guarantee given for Debt	6.50	6.50
	Other Company:			
	(a) Bharatnet Communications Ltd	Corporate guarantee given for Debt	12.66	12.66

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 Endowment dated 30.09.1978 in favour of the Company for total land measuring 35.99 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 6.98 acres by the Company during the process of disinvestment of shares in the Company in 2001, the Company had surrendered the vacant land measuring 4.86 acres to the Small Industries Department, Chennai in 2001 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 18.27 acres by issue of pattas excepting the Approach Road of 3.72 acres. The Company has been continuously following up with Government of Tamil Nadu for obtaining the clear title for 26.99 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.

(All amount are in Rs. Crore)

37.1 Financial Instruments by category

Particulars	As at March 31, 2025			As at March 31, 2024		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
I) Financial Assets						
i) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	134.85	-	-	167.97	-
ii) Structured entity (current assets)						
a) Samudra 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 (Photwadi) Private Limited	-	0.11	-	-	0.19	-
B) Mutual funds	8.72	-	-	4.60	-	-
C) Debentures & Bonds	-	-	1.83	-	-	1.83
E) Trade receivables	-	-	2,301.58	-	-	1,733.79
(E) Bank deposits	-	-	57.98	-	-	58.68
(F) Cash and Cash equivalents	-	-	79.52	-	-	23.32
V) Other Bank balances	-	-	629.88	-	-	313.01
VI) Security deposit for utilities and premises	-	-	410.14	-	-	38.98
VII) Other receivables	-	-	216.95	-	-	107.78
Total financial assets	**8.72**	**135.52**	**3,904.82**	**4.60**	**167.97**	**2,138.99**
II) Financial liabilities						
i) Borrowings						
A) From Banks	-	-	1,205.48	-	-	809.11
B) From Others	-	-	131.38	-	-	168.14
II) Obligation under Finance Lease	-	-	11.78	-	-	13.96
III) Operational Buyers Credit	-	-	160.39	-	-	-
IV) Deposits	-	-	221.31	-	-	270.25
V) Trade payables	-	-	1,075.66	-	-	807.63
VI) Other liabilities	-	-	271.20	-	-	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 categorised 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	8.72	-	-
FVTOCI				
Structured entity				
a) Samudra Fiscal Services Limited	14	0.12	-	-
b) Valiant Communications Limited	14	0.34	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) NSL Wind Power Company (Photwadi) Private Limited	14	-	-	0.11
e) Ampler (n) Private Limited	8	-	-	4.89
f) Exicom Tele-Systems Limited	8	-	-	111.66
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.03
h) Shankar Sales Promotion Private Limited	8	-	-	0.07
i) Atul Properties Private Limited	8	-	-	1.85
j) Niveshi Systems Private Limited	8	-	-	17.05
Total Financial Assets		**3.18**	-	**136.91**

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) Samudra 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 (Photwadi) Private Limited	14	-	-	0.19
e) Exicom Tele-Systems Limited	8	-	-	140.29
f) The Greater Bombay Co-Op Bank Limited	8	-	-	0.03
g) Shankar Sales Promotion Private Limited	8	-	-	0.10
h) Atul Properties Private Limited	8	-	-	1.85
i) Niveshi Systems Private Limited	8	-	-	17.93
Total Financial Assets		**5.01**	-	**160.41**

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.

37.2 MANAGEMENT OF FINANCIAL RISK

Liquidity risk.

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

Particulars	Notes Nos.	Carrying amount	Less than 12 months	More than 12	Total
As at March 31, 2025					
Trade payables	26	1,078.66	1,078.66	-	1,078.66
Retention Money	27	221.31	221.31	-	221.31
Other liabilities	25,26,27,43.69	1,743.16	1,243.53	500.63	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	25,26,27,43.69	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.

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 analyses 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 Rs.13.81 Crore (for the year ended March 31, 2024: increase / decrease by Rs.17.46 Crore) as a result of the changes in the value of equity investments measured at FVTOCI & FVTPL.

(All amounts are in Rs. Crore)

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 Rs. 3.35 Crore loss for year ended March 31, 2025 (Rs. 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 receivables, 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 11. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Group's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

None of the Group's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

Capital management
Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximize the shareholder value.The following table provides details of the debt and equity at the end of the reporting period:

Particulars	As at March 31, 2025	As at March 31, 2024
Debt	1,541.08	977.27
Less: Cash and Cash equivalents (Note 30)	(79.22)	(23.33)
Net Debt	**1,278.54**	**953.94**
Total Equity	4,119.32	3,999.82
Net Debt to Total Equity	**0.31**	**0.24**

III 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:

i) 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 Rs.	Amount in Foreign Currency	Equivalent in Rs.
USD/INR	0.91	77.33	0.24	19.71

ii) Foreign Currency exposure

Particulars		As at March 31, 2025		As at March 31, 2024	
		Amount in foreign Currency	Equivalent in Rs.	Amount in foreign Currency	Equivalent in Rs.
Trade payable	USD/INR	4.44	377.10	3.31	276.87
	EUR/INR	0.14	12.71	0.11	10.23
	GBP/INR	0.02	1.97	0.13	13.38
	MUR/INR	0.06	0.10	0.05	0.08
	BDT/INR	1.39	1.12	1.42	1.08
	SGD/INR	-	0.00	-	0.13
	CHF/INR	0.01	1.19	-	-
	JPY/INR	-	-	-	-
Trade receivable	USD/INR	2.34	198.06	1.34	109.92
	EUR/INR	0.54	48.49	0.43	38.57
	GBP/INR	0.48	52.61	0.09	10.87
	MUR/INR	-	-	2.73	0.06
	BDT/INR	3.61	2.83	0.09	2.84
	AUD/INR	-	0.05	-	-
	AED/INR	0.01	0.20	0.01	0.21
Cash and Bank Balances	USD/INR	0.11	9.03	-	-
	GBP/INR	0.07	7.78	0.05	5.58
	MUR/INR	0.58	0.92	0.07	0.84
	BDT/INR	0.07	0.05	0.93	0.71
Other Assets	USD/INR	-	-	-	-
	EUR/INR	-	-	-	-
	GBP/INR	0.33	30.35	0.35	36.81
	MUR/INR	0.09	0.17	4.55	8.11
	BDT/INR	1.98	2.78	4.04	3.11
Other Liabilities	USD/INR	-	-	-	-
	EUR/INR	-	-	-	-
	GBP/INR	0.07	7.44	0.07	6.97
	MUR/INR	-	-	0.03	0.05
	BDT/INR	0.11	0.08	6.31	5.79

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 indicated above and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.

Particulars	Year Ended March 31, 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	17.86	(17.86)	7.46	(7.46)
EURO Impact	(1.84)	1.84	(1.41)	1.41
GBP Impact	(2.39)	2.54	(1.77)	1.77
CHF Impact	0.06	(0.06)	-	-
MUR Impact	0.41	(0.41)	(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)

(All amounts are in Rs. Crore)

59 Tax Reconciliation

Particular	F.Y. 2024-25	F.Y. 2023-24
Net Profit as per Statement of Profit and Loss (before tax)	516.39	454.81
Current Tax rate @ 25.17%	56.88	114.80
Adjustment:		
Depreciation & other adjustment	(39.06)	(48.09)
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, 2024. The Company has reviewed the new pronouncement 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-2021 amounting to Rs. 35.06 Crore. Accordingly, interest of Rs. 36.25 Crore, Bad debt recovery of Rs. 8.41 Crore and reversal of provision for doubtful debts of Rs 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.

63 The Group 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 all the users 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.

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. 000568C/C400334

Jay P. Bothra
Partner
M. No. 076080

Place: New Delhi
Date: 22 May 2025

For Gutal Sunil & Company
Chartered Accountants
Firm Reg. No. 016520N

Navneet Chhabra
Partner
M.No.: 096838

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052000

Arvind Kharabanda
Director
DIN: 00052148

Vijay Raj Jain
Chief Financial Officer
PAN-AALPJ0603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5034

Place: New Delhi
Date: 22 May 2025



HFCL LIMITED

Consolidated Financial Statement

for the Year Ended March 31, 2024
(as per Ind AS)

Amount in Rupees Crore

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

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, 2024, 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	Response to Key Audit Matters
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, 2024, revenue from customer contracts amounts to Rs. 4,074.59 Crores whereas as at March 31, 2024, contract assets amount to Rs. 376.89 Crores, the balance of work in progress (WIP) amounts to Rs. 214.79 Crores and retention amounts to Rs. 270.25 Crores. The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, 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.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.
2	**Valuation of accounts receivable – risk of credit losses** Parent Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid	Our audit incorporated the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; • Assessment of the Parent's credit policy outlining authority for approving and responsibility to manage credit limits;

	significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Parent's financial statements amounting to Rs. 2,656.57 crores as of March 31, 2024 and provisions for impairment of receivables is an area which is influenced by management's - estimates and judgment. The provision for impairment of receivables amounted to Rs. 9.23 crores as at March 31, 2024. Refer to the Note 15 to the consolidated financial statements.	• Inquiries with committee in order to understand and assess governance and follow-up/monitoring of key customers; • Analytical procedures and inquiries with Business Area; • Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Parent Company manage credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to the Group's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
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.	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 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.

	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, 2024. 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.	
4	**Recoverability of Project and other vendor advances** As at March 31, 2024, current financial assets include Rs. 458.01 crores in respect of Project and other vendor advances and are pending to be adjusted/settled. Management exercises significant judgment when determining whether to record any impairment loss on advances. As the carrying amount of Project and other vendor advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the recoverability of Project and other vendor advances as a key audit matter. Refer Note 19 to the Consolidated Financial Statements.	Our audit procedures involve the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to advances given; • Assessment of the Parent's procurement policy outlining authority for approving and responsibility to manage vendor advances; • Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; • Analytical procedures and inquiries with Business Area; • Obtain balance confirmations from selected parties to ensure existence thereof • Review of Purchase orders and/or agreements for selected parties and enquire management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.

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 Rs. 12.99 Crores as at March 31, 2024, total revenues of Rs. 0.60 Crore, Net profit after tax of Rs. 0.87 Crores, total comprehensive income of Rs. 0.88 Crores and net cash inflows of Rs. 0.02 Crores for the year ended on that date, as considered in the consolidated financial statement. These financial statements / financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

b) The Financial statements of five subsidiaries whose financial statements / financial information reflect total assets of Rs. 645.97 Crores as at March 31, 2024, total revenues of Rs. 854.08 Crores, Net profit after tax of Rs. 30.86 Crores, total comprehensive income of Rs. 30.73 Crores, and net cash inflows of Rs. 0.36 Crores for the year ended on that date, as considered in the Consolidated Financial statement, have been audited by one of the joint auditors of the Parent Company and our opinion on the consolidated Financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such joint auditor.

c) The Consolidated Financial Statements includes financial performance of three foreign branches which reflects total assets of Rs. 50.86 Crores as at March 31, 2024, total revenues of Rs. 43.70 Crores, Net profit after tax of Rs. (0.32) Crores, total comprehensive income of Rs. (0.41) Crores, and net cash inflow of Rs. (10.35) Crores 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 financial performance of two foreign subsidiaries which reflects total assets of Rs. 27.82 Crores as at March 31, 2024, total revenues of Rs. 24.07 Crores, Net profit after tax of Rs. (0.75) Crores, total comprehensive income of Rs. (0.90) Crores, and net cash inflows of Rs. 0.52 Crores for the year ended March 31, 2024, which were audited by the independent auditors in accordance with the regulations of such foreign countries, whose reports

has been furnished to us by the management. Financial Statement of one of the subsidiaries has been converted by the Parent Company's management as per accounting principles generally accepted in India which has been considered in the consolidated financial statements solely based on such converted financial statements. In respect of another subsidiary, consolidated financial statements incorporating results of its step-down subsidiary as per accounting principles generally accepted in India audited by the Indian Auditor has also been submitted to us by the Parent Company's management which has been considered in the consolidated financial statements solely based on such audited consolidated financial statements. 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 Rs. 0.93 Crores, total comprehensive income of Rs. 0.93 Crores, for the year ended March 31, 2024 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 pare (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 except for the matters stated in the paragraph 2(j)(vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014.

(c) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(j)(vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014.

(d) 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.

(e) 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

(f) 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.

(g) On the basis of the written representations received from the Directors of the Parent Company as on 31st March, 2024 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, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) 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.

(i) 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.

(j) 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, 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, *except for the instances mentioned below*, the 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.

- the feature of recording audit trail (edit log) facility was not enabled throughout the year for the accounting software used for maintaining its books of accounts in case of 2 subsidiary companies.

- the feature of recording audit trail (edit log) facility was not enabled from the period 1st April 2023 to 15th May 2023 and enabled thereafter throughout the rest of the year for the accounting software used for maintaining its books of accounts in case of 2 subsidiary companies.

- the feature of recording audit trail (edit log) facility was not enabled from the period 1st April 2023 to 15th May 2023, from 23rd May 2023 to 31st October 2023 and enabled thereafter throughout the rest of the year for the accounting software used for maintaining its books of accounts in case of 1 subsidiary company.

Further, for the periods where audit trail (edit log) was enabled and operated, during the course of our audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024

For S Bhandari & Co LLP
Chartered Accountants
Firm Registration No. 000560C/C400334

(P. D. Baid)
Partner
Membership No: 072625

Place: New Delhi
Date: May 03, 2024
UDIN:24072625BKEGAY8318

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: May 03, 2024
UDIN: 24054645BKHDCB7002

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(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

(P. D. Baid)
Partner
Membership No: 072625

Place: New Delhi
Date: May 03, 2024
UDIN:24072625BKEGAY8318

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: May 03, 2024
UDIN: 24054645BKHDCB7002

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HFCL LIMITED AS ON MARCH 31, 2024

(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, 2024, 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 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, 2024, 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

(P. D. Baid)
Partner
Membership No: 072625

Place: New Delhi
Date: May 03, 2024
UDIN: 24072625BKEGAY8318

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: May 03, 2024
UDIN: 24054645BKHDCB7002

IIFCL Limited
Consolidated Balance Sheet as at March 31, 2024
(All amounts are in Rs. Crore, unless otherwise stated)

Particulars	Note No(s)	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	965.91	852.09
(b) Capital work-in-progress	4	154.09	201.01
(c) Right-of-use-assets	35	31.22	12.32
(d) Goodwill		26.17	26.17
(e) Intangible assets (other than Goodwill)	5	1.81	1.76
(f) Intangible assets under development	6	1.87	0.76
(g) Investment in associates (accounted for using equity method)	7	8.50	18.57
(h) Financial Assets			
(i) Investments	8	186.22	30.01
(ii) Trade Receivables	15	520.31	423.11
(iii) Loans	9	8.10	9.61
(iv) Others	10	31.26	44.29
(i) Other non-current assets	12	72.11	30.55
Total Non Current Assets		1,953.13	1,390.44
Current Assets			
(a) Inventories	13	774.49	553.85
(b) Financial Assets			
(i) Investments	14	8.70	12.38
(ii) Trade Receivables	15	2,215.34	1,336.11
(iii) Cash & cash equivalents	16	2.33	62.91
(iv) Bank balances other than (iii) above	17	313.12	299.68
(v) Loans	18	20.17	21.20
(vi) Others	19	638.50	533.52
(c) Current Tax Assets (net)	20	42.50	3.19
(d) Other current assets	21	501.15	512.92
Total Current Assets		4,533.50	4,082.15
Total Assets		6,486.63	5,472.59
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	22	144.07	137.63
(b) Other Equity	23	3,011.54	2,984.91
Equity attributable to owners of the Company		3,155.54	3,102.54
Non-controlling interest		43.29	36.61
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	169.2	110.72
(ii) Lease liabilities	35	9.07	6.20
(b) Provisions	26	47.45	39.84
(c) Deferred tax Liabilities (Net)	27	27.24	29.52
Total Non Current Liabilities		203.05	186.29
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	806.05	617.51
(ii) Lease Liabilities	35	4.35	3.63
(iii) Unpaid Matured Bonds Debt	46	-	158.73
(iv) Trade Payables	26		
- total outstanding dues of micro and small enterprises		69.13	56.13
- total outstanding dues to other than micro and small enterprises		542.06	812.90
(v) Other financial liabilities	27	660.87	366.75
(b) Current tax liabilities (Net)	28	2.44	19.52
(c) Other current liabilities	29	186.13	13.81
(d) Provisions	30	1.21	12.38
Total Current Liabilities		2,183.95	2,142.16
Total Liabilities		2,387.00	2,328.45
Total Equity and Liabilities		6,486.83	5,472.59

The accompanying notes form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For and on behalf of the Board

For S Bhandari & Co LLP
Chartered Accountants
Firm Reg. No. 000560C / C-100334

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016528N

Mahendra Nahata
Managing Director
DIN: 00052958

Ranjeet Mal Kasliwal
Director
DIN: 00530169

P. D. Baid
Partner
M.No.: 072625

Sunil Bhansali
Partner
M.No.: 054645

Vijay Raj Jain
Chief Financial Officer
PAN: AAEPJ0604K

Manoj Bard
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Place: New Delhi
Date: May 03, 2024

HBOL Limited
Consolidated Statement of Profit and Loss for the year ended March 31,2024
(All amounts are in ₹ Crores)

Particulars	Note No(s)	For the year ended March 31, 2024	For the year ended March 31, 2023
I INCOME			
Revenue from operations	31	4,465.16	4,241.91
Other Income	32	100.44	47.18
Total Income (I)		4,565.60	4,290.49
II EXPENSES			
Cost of Materials Consumed	33	799.27	986.87
Other Direct costs	34	1,112.56	1,035.95
Purchases of stock-in-trade		1,291.20	1,564.47
Change in inventories of finished goods, work in progress and stock-in-trade	35	(102.84)	(102.41)
Employee benefits expense	36	350.55	349.19
Finance Costs	37	147.28	152.29
Depreciation and amortization expenses	3, 5, 37	81.70	82.97
Other Expenses	38	222.84	261.53
Total Expenses (II)		4,112.55	4,359.79
III Profit before Share of profit of Joint venture, exceptional items and income tax (I-II)		453.09	430.70
IV Share of profit / (loss) of joint venture (net of tax)		(1.07)	(0.05)
V Profit before exceptional items and income tax (III-IV)		454.02	430.65
VI Exceptional item		-	-
VII Profit before tax (V - VI)		454.02	430.65
VIII Tax expense			
- Current tax		67.91	71.41
- Deferred Tax		48.59	41.09
Total Tax Expense		116.50	112.50
IX Profit for the year (VII-VIII)		337.52	317.15
X Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit plans		(0.54)	(0.56)
(ii) Tax effect on above item		0.13	0.16
(iii) Gain on Equity Instruments designated through OCI		1.07	3.84
Items that will be reclassified to profit or loss			
(i) Loss on translation of foreign operation		(0.61)	(1.21)
Total Other comprehensive income for the year		129.69	1.95
XI Total comprehensive income for the year (IX+X)		467.12	319.26
XII Profit attributable to:			
Owners of the Parent		329.81	309.92
Non-controlling interest		7.71	16.74
XIII Total comprehensive income for the year attributable to:			
Owners of the Parent		459.41	302.63
Non-controlling interest		7.71	16.63
XIV Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the year	39		
- Basic		2.33	2.18
- Diluted		2.33	2.18

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board

For S Bhandari & Co LLP
Chartered Accountants
Firm Reg. No. 000560C/C400334

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016528N

Mahendra Nahata
Managing Director
DIN: 00052096

Manjeet Mal Kasliwal
Director
DIN: 00054089

P. D. Baid
Partner
M.No. 072625

Sunil Bhansali
Partner
M.No.: 054645

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ3601R

Manoj Baid
President & Company Secretary
M.No.: FCS 5534

Place: New Delhi
Date: May 03, 2024

Place: New Delhi
Date: May 03, 2024

IIFCL Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
I. **Cash Flow From Operating Activities**			
Net Profit before Taxes		454.02	417.67
Adjustments for			
Depreciation & Amortization expenses	81.76		82.09
(Gain)/Loss on disposal of property, plant and equipment	0.28		(0.33)
Financial Guarantee Income	(1.31)		(0.30)
Bad Debts, advances and miscellaneous balances written back/(off)	(109.98)		1.30
Liquidated Damages recovered on Sales	-		(2.72)
Unrealised gain on foreign exchange fluctuations	3.51		(110.69)
(Gain)/Loss on Sale of Investment - Net	(1.34)		
Share of (profit)/ loss of an associate	(0.95)		0.09
Dividend and interest income classified as investing cash flows	(21.08)		(14.66)
Finance costs [net]	149.28		150.79
		198.39	211.66
Change in operating assets and liabilities			
(Increase)/Decrease in Trade and other Receivables	(419.14)		(9.17)
(Increase)/Decrease in Inventories	(16.58)		(184.47)
Increase/(Decrease) in Trade payables	(30.30)		(132.10)
(Increase)/Decrease in other Financial assets	(7.31)		(127.50)
Increase/(Decrease) in other financial liabilities	116.17		(54.73)
(Increase)/Decrease in other non-current assets	(3.52)		(3.39)
(Increase)/Decrease in other current assets	(55.07)		(116.51)
Increase/ Decrease in provisions	(0.03)		2.15
Increase/ Decrease in other Non current liabilities	5.24		3.63
Increase/ Decrease in other current liabilities	(5.39)		(53.27)
		(376.29)	(305.55)
Cash generated from/(used in) operations		75.62	334.71
Income taxes paid (net)		(120.49)	(98.50)
Net cash inflow from/(used in) operating activities		(44.87)	236.11
II **Cash flows from investing activities**			
Payment for acquisition of subsidiaries & other investments			(710.25)
Capital Receipt of Subsidiaries/Hedge Fund		-	41.58
Payments for property, plant and equipment & Intangible CWIP		(185.21)	(193.62)
Payments for intangible Assets including CWIP		(226.53)	(147.48)
Proceeds from sale of property, plant and equipment		0.50	1.15
Bank deposits (placed)/matured (net)		(63.93)	252.59
(Payment)/ Receipt for loan to/from body corporate		1.98	5.55
Proceeds from sale of investments		8.95	-
Dividends received		0.0	-
Interest received		3.01	5.80
Net cash inflow from/(used in) investing activities		(448.22)	(44.09)
III **Cash flows from financing activities**			
Proceeds from Issue of Compulsorily Convertible Debentures		23.24	25.20
Proceeds from issues of Share Capital (including securities premium)		552.96	2.08
Share issue expenses		(0.06)	-
Proceeds from borrowings		520.19	133.29
(Repayment) of borrowings		(91.23)	(127.29)
(Repayment) of lease liabilities		(6.86)	(5.81)
		689.20	26.97
Less:			
Financial Costs paid		(156.64)	(147.32)
Dividend paid		(128.55)	(34.45)
Net cash inflow from/(used in) financing activities		454.01	(144.80)
IV **Net increase/(decrease) in cash and cash equivalents (I+II+III)**		(39.58)	46.24
V Cash and cash equivalents at the beginning of the financial year		62.91	16.60
VI **Cash and cash equivalents at end of the year**		23.33	62.91

[illegible] Limited

Consolidated Statement of Cash Flow for the year ended March 31, 2024

(All amounts are in Rs. Crores)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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 Flows" 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 following:		
Cash on hand	0.06	0.07
Balances with Banks		
Current Accounts	52.29	42.41
Fixed Deposits with Banks	1.00	20.53
Balances per statement of cash flows	53.33	62.91
4 Analysis of movement in borrowings		
Borrowings at the beginning of the year	748.31	749.86
Movement due to cash flows/others per the Consolidated Statement of Cash Flows	228.95	(1.55)
Borrowings at the end of the year	977.26	748.31

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. 000856C/C400334

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016520N

Sunil Bhansali
Partner
M.No. 054545

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052808

Ranjeet Mal Kanria
Director
DIN: 00015059

Vijay Raj Jain
Chief Financial Officer
PAN: AAJPJ3060K

Manoj Baid
President & Company Secretary
M.No. FCS 5834

Place: New Delhi
Date: May 03, 2024

HFCL Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2024
(All amounts are in ₹ Crore)

A. Equity share Capital

Particulars	Amount
As at April 1, 2022	137.49
Changes in equity share capital (refer note no. 22(b))	0.79
As at March 31, 2023	138.28
Changes in equity share capital (refer note no. 22(b))	0.13
As at March 31, 2024	138.41

B. Other equity

Particulars	Money received against Convertible Warrants	Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Income		Total Equity attributable to Owners of the Company	Non-Controlling Interest	Total Equity
			Securities Premium Reserve	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve			
As at April 1, 2022	-	1.91	1,053.55	91.50	2.22	1,530.63	12.67	(0.08)	2,690.91	19.97	2,691.88
Profit for the year	-	-	-	-	-	306.05	-	-	306.05	(0.35)	305.71
Other comprehensive income for the year			-	-	-	0.99	0.79	(0.07)	1.71	(0.16)	1.55
Warrant subscription price equivalent to 25% of the exercise price (refer note 22(B)(2))	28.20	-	-	-	-	-	-	-	28.20	-	28.20
Dividends paid for the previous year			-	-	-	(24.80)	-	-	(24.80)	-	(24.80)
Issue of equity shares against ESOP Employee Trust			4.66	-	-	-	-	-	4.66	-	4.66
Transfer on balance of vested employee options to ESOP scheme		19.21	-	-	-	0.27	-	-	-	-	-
Adjustment of unvested paid to HFCL Employee Trust					-	0.03	-	-	0.03	-	0.03
Adjustment of Premium on equity shares held by HFCL Employee Trust			2.72			-	-	-	2.72	-	2.72
As at March 31, 2023	28.20	1.69	1,056.75	91.50	2.22	1,788.68	13.46	(2.83)	2,969.90	19.46	2,989.36
Profit for the year	-					329.82			329.82	7.72	337.54
Other comprehensive income for the year	-					(9.15)	130.65	(5.41)	126.09	(0.07)	126.02
Warrant subscription price equivalent to 25% of the exercise price (refer note 22(B)(2))	75.20	-	-	-	-	-	-	-	75.20	-	75.20
Dividends paid for the previous year			-	-	-	(28.58)	-	-	(28.58)	-	(28.58)
Issue of equity shares against exercise of warrants			2.56	-	-	-	-	-	2.56	-	2.56
Conversion of warrants into equity shares (refer note 22(B)(2))	(47.20)		44.64	-	-	-	-	-	(2.56)	-	(2.56)
Transfer to retained earnings				-	-	2.55	(2.55)	-	-	-	-
Transfer on balance of shares to employees upon vesting of ESOP scheme		0.67			-	0.67	-	-	-	-	-
Adjustment of unvested paid to HFCL Employee Trust	-	-	-			0.02			0.02	-	0.02
Adjustment of Premium on equity shares held by HFCL Employee Trust	-	-	(1.81)	-					(1.81)	-	(1.81)
As at March 31, 2024	4.80	1.02	1,101.51	91.50	2.22	2,091.66	141.56	(13.44)	3,411.53	41.25	3,455.62

The above statement should be read as 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/C400519

P. D. Bhatt
Partner
M.No. 072615

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 0004*N

Sunil Bhanoth
Partner
M.No. 054655

Place: New Delhi
Date: May 05, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052850

Vijay Rajdan
Chief Financial Officer
PAN: AALP3963K

Ranjeet Mal Kanwar
Director
DIN: 00054091

Manoj Rai
President & Company Secretary
M.No. FCS 5824

Place: New Delhi
Date: May 05, 2024

1. Corporate information

HFCL Limited ("HFCL" or "the Holding Company") is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Holding Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, HFCL is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optical Fiber and Optic Fiber Cable (OFC).

The Consolidated Financial Statements have been approved by the Board of Directors of the Holding Company at its meeting held on May 3, 2024.

2. Material accounting policies

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 Consolidated Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

2.2. Basis of Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are deconsolidated from the date that control ceases. The Holding Company and subsidiaries are collectively called "the Group".

The group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

ii. Associates

Associates are all entities over which the group has material influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii. Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group share of the post-acquisition profits or losses of the investee in profit and loss, and the group share of other comprehensive income of the investee in other comprehensive income.

When the group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the 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 material 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 material 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.

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:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle; or
b) Held primarily for the purpose of trading; or
c) Expected to be realised within twelve months after the reporting period other than for (a) above; or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

a) It is expected to be settled in normal operating cycle; or
b) It is held primarily for the purpose of trading; or
c) It is due to be settled within twelve months after the reporting period other than for (a) above; or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.5. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 - Quoted (unadjusted)
  This hierarchy includes financial instruments 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 material modifications to observable related market data or Group's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.6. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell

2.7. Property Plant and Equipment

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 Consolidated 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 leases) 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 Consolidated Statement of Profit and Loss.

2.8. Intangible Assets

a. ***Goodwill***

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses

i. ***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
- 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.

ii. ***Other Intangible assets:***

The Group had elected to continue with the carrying value of all of its Intangible Assets recognised as of April 1, 2019 (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 fees: 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, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Holding Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, that does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. 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 election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

De-recognition

A financial asset is de-recognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients

Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is 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 recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and loss (P&L).

2.9.2. Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Consolidated Statement of Profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows.

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.

- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on 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 (Consumables) : It is valued at cost after write off at 27.82% p.a.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12. Revenue recognition

A. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that Group expects to receive in exchange for those products or services.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Group presents revenues net of indirect taxes in its Consolidated Statement of Profit and Loss.

D. The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fibre Cable and Telecom Equipments. Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. and executing infrastructure projects like 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 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 Group recognizes revenue, when or as control over promised 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 these. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control at a point in time or over time requires judgment

If the Group has 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 on an investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the Consolidated statement of Profit and loss.

- **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority.

- **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 Group implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Group elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value

Based on the accounting policy applied, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
  any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right of use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include.

fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees;
the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

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 Rupee which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Group's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the Statement of profit and loss as income or expense.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

2.15. Employee Benefits

Short term employee benefits:-
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other Long-Term employee benefits
The liabilities 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 recognised 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 expensed in the Consolidated Statement of Profit and Loss. The Group has no further obligations under these plans beyond its monthly contributions.

ii. **Defined benefit plans**

Gratuity:
The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Group. The Group provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". The Group makes periodic contributions to the HDFC Standard Life Insurance Group Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

iii. **Actuarial gains and losses are recognized in OCI as and when incurred.**
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Statement of Profit and loss.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above) are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Consolidated Financial Statements represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits
Termination benefits are recognized as an expense in the period in which they are incurred.

2.16. Employee Share-based payments
The Group has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Group but consolidated in the Financial Statement. Any loan from the Group to the Trust is accounted for as a loan in accordance with its term.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee benefits expense, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that are vested. For the option awards, grant date fair value is determined 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 asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18. Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the

obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.19. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

2.20. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Group are segregated.

2.21. GST Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST credit is shown under the head "Other Current Assets".

2.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. 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 amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statement. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

[illegible] Property, Plant and Equipment

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Disposals / Adjustments	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Balance as at March 31, 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Disposals / Adjustments	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-		[illegible]
Balance as at March 31, 2024	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Impairment											
Balance as at April 1, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Depreciation for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Disposals / Adjustments	[illegible]	-		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-		[illegible]
Balance as at March 31, 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Depreciation for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Disposals / Adjustments	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-		[illegible]
Balance as at March 31, 2024	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Net Carrying Value											
Balance as at April 1, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance as at March 31, 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance as at March 31, 2024	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes:

(i) The following properties are [illegible] the Company / Group Company [illegible]

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) (?)	[illegible]	[illegible]	No	[illegible]
Property, plant and equipment - HFCL Limited**	Land (Freehold) (?)	[illegible]	Erstwhile Amalgamated Company (?)	No	[illegible]
Property, plant and equipment - HFCL Limited***	[illegible]	[illegible]	Telangana State Industrial Infrastructure Corporation (TSIIC) (?)	No	[illegible]
Property, plant and equipment - [illegible]	Land (Freehold) (?)	[illegible]	State Government of Tamil Nadu (?)	No	[illegible]

* [illegible]

** [illegible]

*** [illegible]

(ii) [illegible]

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance As at April 1, 2022	56.27	27.27	3.24	0.58	87.46
Additions	38.91	24.80	1.42	2.02	67.15
Disposals / Adjustments	13.12	20.63	1.05	-	34.80
Balance As at March 31, 2023	15.35	31.44	1.61	2.60	70.50
Additions	88.56	61.35	0.25	0.06	150.22
Disposals / Adjustments	0.17	29.26	1.53	2.15	33.11
Balance As at March 31, 2024	93.56	59.73	0.29	0.51	154.09

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, 2024	124.61	32.71	0.74	-	154.09
As at March 31, 2023	55.11	1.23	0.12	-	70.50

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per the annual plan

5 Intangible Assets (other than Goodwill)

Particulars	Computer Software
Gross Carrying Value	
Balance As at April 1, 2022	38.54
Additions	11.02
Disposals / Adjustments	0.76
Balance As at March 31, 2023	49.80
Additions	109.35
Disposals / Adjustments	0.77
Balance As at March 31, 2024	157.61
Accumulated Amortisation	
Balance As at April 1, 2022	25.43
Amortisation for the year	5.66
Disposals / Adjustments	0.61
Balance As at March 31, 2023	31.45
Amortisation for the year	8.82
Disposals / Adjustments	0.77
Balance As at March 31, 2024	39.50
Net Carrying Value	
Balance As at April 1, 2022	13.11
Balance As at March 31, 2023	17.65
Balance As at March 31, 2024	118.11

6 Intangible assets under development

Particulars	Product Development
Balance as at April 1, 2022	69.69
Additions	137.62
Disposals / Adjustments	(9.65)
Balance as at March 31, 2023	197.66
Additions	345.57
Disposals / Adjustments	(8.66)
Balance as at March 31, 2024	534.57

Note - The Cost To Develop - service for part of the use of advanced technological solutions of the day to day operations of the business

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, 2024	366.57	112.93	26.99	28.08	534.57
As at March 31, 2023	137.62	21.91	4.03	34.11	197.66

6.2 Projects-wise completion schedule of overdue / over-run intangible assets under development as at March 31, 2024

Particular	To be completed in				
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	Total
Projects in progress					
Defence Communication Products	11.47	-			11.47
5G Air Technological Products	29.81	-			29.81
Total	41.28			-	41.28

Projects-wise completion schedule of overdue / over-run intangible assets under development as at March 31, 2023

Particular	To be completed in				
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress					
Defence Communication Products	4.20	29.10		-	33.30
5G Air Technological Products	-	-	9.91	-	9.91
Total	4.20	19.19	9.91	-	33.30

7 Investment in Jointly Controlled Entities

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(a) Jointly Controlled Entities	4.50	18.57
Add : (Less) : Cumulative Share of profits / (loss)	1.00	0.07
Total	19.50	18.57

7.1 - Investment in Jointly Controlled Entity

Particulars	Face value per share	As at Mar 31, 2024		As at Mar 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted Investments					
Investment in Equity Instruments - Equity Shares					
NSDPA Telecommunication Pvt Ltd (includes Goodwill of Rs 1.15)	10	10,00,000	1.00	10,00,000	1.00
Add : (Less) : Cumulative Share of profits			2.14		1.50
BigCat Wireless Pvt Ltd* (includes Premium of Rs 5.25 Crore)	10	4,000	2.50	4,000	2.50
BigCat Wireless Pvt Ltd - (Partly paid Shares 0.50 per share pending call Rs 3.50 per share out of the face value of Rs 10 per share)	1	22,000	15.00	22,000	15.00
Add : (Less) : Cumulative Share of (Loss)			(1.14)		(1.43)
Total aggregate unquoted investments			19.50		18.57
Aggregate carrying value of unquoted investments			19.50		18.57
Aggregate amount of impairment in value of investments			-		-

7.2 Additional details of Jointly Controlled Entities

Particulars	Principal activities	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Group	
			As at March 31, 2024	As at March 31, 2023
NSDPA Telecommunication Pvt Ltd	Manufacturing of URP and ARP	India	50.00%	50.00%
BigCat Wireless Pvt Limited (Formerly Controlled Entity with 56% voting right)	Development of proprietary and innovative products for wireless networking	India	51.00%	51.00%

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted		
Investments - Others		
Investments at Exp. in Subsidiaries	139.29	-
Unquoted		
Investments - Others		
(a) Investments in Equity Instruments	18.08	17.18
(c) Investments in Debt Instruments	1.85	1.85
Total	159.22	19.03



8.1 Detail of Non Current Financial Assets - Investments

Particulars	Face value per share/ Debenture	As at March 31, 2024		As at March 31, 2023	
		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	25,12,576	164.29	-	-
			139.29		
(ii) Investment in equity instruments - In Quoted Equity Shares					
Exicom Tele-Systems Limited	10	-	-	6,51,233	9.76
M/s Cyfrin Communications Technologies Private Limited	10	2,942	-	2,942	-
The Cosmos Co-operative Bank Limited	25	4,444	0.05	11,000	0.05
India Card Technologies Private Limited	10	10,000	-	10,000	-
Shaktal Sales Promotion Private Limited	100	2,001	0.20	2,000	1.00
IIFCL Recon Edutech Limited	10	90	-	100	-
Niveta Systems Private Limited	1	2,17,584	17.83	2,17,584	17.83
			18.08		17.18
Total Investment in Equity Instrument measured at FVTOCI			163.37		33.18
(ii) Investment in Debt Instruments					
Atul Properties Pvt Ltd (OFS Debt Proceeds on completion of 12 Years from date of allotment i.e. 02.12.2025	100	1,85,000	1.85	1,85,000	1.85
Total Investment in Debt Instruments measured at FVTOCI			1.85		1.85
Aggregate carrying value of quoted investments			139.29		
Aggregate carrying value of unquoted investments			19.93		19.03
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 seven (7) shares held by the shareholders as on the record date i.e. September 5, 2023. Valuation of these shares is done at closing market price prevailing as on BSE Ltd as on 31st March 2024.

9 Non-Current Financial Assets-Loans

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to other parties	6.50	6.50
Loans to related parties (refer note 55)	2.50	3.00
Unsecured, considered doubtful		
Which have significant increase in credit risk	0.21	0.21
Less: expected credit loss allowance	(0.21)	(0.21)
Total	9.00	9.50
Movement in the expected loss of Other Loans are as follows:		
Balance at the beginning of the year	0.21	0.21
Add: Provided during the year	-	-
Less: Amount written off	-	
Balance at the end of the year	0.21	0.21

10 Non-Current Financial Assets - Others

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed Deposits with Bank (maturity more than 12 months)*	38.66	36.21
Security Deposit	15.60	8.08
Total	54.26	44.29

* Above fixed deposits are held as margin money/securities with banks

11 Deferred tax assets / (liabilities)

Deferred income tax reflect the net tax effects of temporary differences 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 1 April, 2022	10.62	(40.65)	5.00	4.97
(Charged)/Credited:				
- to Statement of profit and loss	2.93	(137.72)	0.89	(133.90)
- to other comprehensive income	0.11	-	-	0.11
As at 31 March, 2023	13.66	(48.37)	5.89	(128.82)
(Charged)/credited:				
- to Statement of profit and loss	2.21	(18.08)	(2.62)	(18.49)
- to other comprehensive income	0.13	-	-	0.13
As at 31 March, 2024	15.90	(96.45)	3.27	(77.28)

Note: In the absence of reasonable certainty of future taxable income, deferred tax assets have been created in the books of 1 subsidiary.

12 Other Non-Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good		
Capital Advances	60.11	39.55
Total	60.11	39.55

[illegible] Limited
Notes forming part of Consolidated Financial Statement for the year ended March 31, 2024
[illegible]

14 Inventories [illegible]

Particulars	As at March 31, 2024	As at March 31, 2023
Inventories [illegible]		
Raw Materials	[illegible]	[illegible]
Raw Materials [illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Finished goods	[illegible]	[illegible]
Stock-in-trade	[illegible]	[illegible]
[illegible]		[illegible]
Stores and Spares	[illegible]	[illegible]
Loose tools	[illegible]	[illegible]
Others (Packing Material)	[illegible]	[illegible]
Total	[illegible]	[illegible]

Notes:
[illegible]

15 Current Financial Assets - Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted Investments		
[illegible] Mutual Funds	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

15.1 Details of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2024		As at March 31, 2023	
		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 - Unquoted Investments					
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Investments (FVTPL)			[illegible]		[illegible]
Financial assets measured at FVTOCI					
(i) Investments in equity instruments - Quoted Equity Shares					
[illegible]		[illegible]		[illegible]	
[illegible]		[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]
(ii) Investments in equity instruments - Unquoted Equity Shares					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]
Total Investments (FVTOCI)			[illegible]		[illegible]
Total Current Financial Investments			[illegible]		[illegible]
Aggregate [illegible] of quoted investments			[illegible]		[illegible]
Aggregate [illegible] of unquoted investments			[illegible]		[illegible]
Aggregate [illegible]					

16 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Trade Receivables				
[illegible] considered good	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]
Credit Impaired		[illegible]		[illegible]
[illegible]		[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
Movement in the expected credit loss allowance [illegible]				
Balance at the beginning of the year		[illegible]	[illegible]	[illegible]
[illegible]		[illegible]		[illegible]
Less: [illegible]		[illegible]	[illegible]	[illegible]
Balance at the end of the year	[illegible]	[illegible]	[illegible]	[illegible]

16.1 Ageing analysis of Trade Receivables as at 31st March 2024

Particulars	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
[illegible] considered good	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]					[illegible]	[illegible]
[illegible]		[illegible]	[illegible]			[illegible]	[illegible]
Disputed Trade Receivables							
Considered good						[illegible]	[illegible]
[illegible]		[illegible]			[illegible]		
Credit impaired	[illegible]	[illegible]		[illegible]			[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]		[illegible]
[illegible]	[illegible]	[illegible]					[illegible]
[illegible] trade receivables							[illegible]

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Ageing analysis of Trade Receivables as at March 31, 2023

Particulars	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables							
(ii) Disputed Trade Receivables							
Total							
Less: Allowance for credit losses							
Less: Unbilled Revenue (Trade receivables)							
Total net trade receivables							

16 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash & Cash Equivalents		
Total		

17 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Total		

18 Current Financial Assets - Loans

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Other Loans		
Total		

19 Current Financial Assets -Other Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Total		

20 Current Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Assets		
Advance Income Tax (TDS receivable)		

21 Other Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Total		

22 A. Share Capital

(i) Authorised Share Capital

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2022	5,00,00,00,000	500.00	2,50,00,000	25.00
Increase during the year	-	-	-	-
As at March 31, 2023	5,00,00,00,000	500.00	2,50,00,000	25.00
Increase during the year	-	-	-	-
As at March 31, 2024	5,00,00,00,000	500.00	2,50,00,000	25.00

(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, 2022	1,37,38,94,221	137.45	-	-
Add: Shares issued during the year under ESOP Trust *	11,71,107	0.12	-	-
Add: Equity shares held in Trust earlier period now under ESOP scheme	16,96,907	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	13,82,207	0.14	-	-
As at March 31, 2023	1,37,53,79,121	137.60	-	-
Add: Equity shares held in Trust earlier period now under ESOP scheme*	13,82,207	0.14	-	-
Add: shares issued during the year on qualified institutional Placement**	9,10,11,093	9.10	-	-
Add: Shares issued during the year on conversion under 5	1,22,11,207	1.22	-	-
Less: Equity Shares held on Trust for employees under ESOP Scheme	9,15,207	0.09	-	-
As at March 31, 2024	1,48,80,51,012	148.02	-	-

* Your Board of Directors of the Holding Company, the Stock Exchanges passed on July 14, 2021 and June 30, 2022 approved the allotment of 89,31,240 equity shares and 1,71,10 equity shares respectively to the Employees Trust - Investment under ESOP Scheme to eligible employees of the Company and its subsidiaries under the HDFC Employees Trust Investment Plan - 2021

** During the year, the Holding Company has raised 9,10,11,093 equity shares of face value of Re 1 each at an issue price of Rs 1,099 per equity share (including premium of Rs 1,098 per equity share), aggregating to Rs 10,000 Crores. The issue was made through a qualified institutional 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 (sections 42 & 62 and other relevant provisions of the Companies Act, 2013. Funds received from QIP to acquire shares have been utilized for the purpose mentioned in the object of the issue in the offer document.

5 The Allotment Committee (Committee) of the Board of Directors of the Company at its meeting held on 20 February, 2021 and 22nd March, 2021 has made allotment of 1,00,91,707 & 22,20,207 equity shares of the face value of Re 1/- each at a premium of Rs 1,999 per share, aggregating to Rs 2,018 Crores and Rs 444 Crores respectively to the eligible equity shareholders of Housing Development Finance Corporation Limited 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, 2024		As at March 31, 2023	
	No. of share	% of Holding	No. of share	% of Holding
SBI Mutual Fund Trustee Co Pvt Ltd	31,55,65,780	21.21	29,33,65,780	21.34
Government of Singapore Private Ltd	21,95,65,780	14.76	21,95,65,780	15.96

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholders represents both legal and beneficial ownership of shares.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nohria	20,49,206	0.14	9,13,190	0.01	0.13
Mahendra Nohria	13,35,901	0.09	13,35,901	0.10	(0.01)
SBI Mutual Fund Trustee Co Pvt Ltd	29,33,65,780	20.21	29,33,65,780	21.34	(1.13)
Government of Singapore Private Limited	21,95,65,780	15.26	21,95,65,780	15.96	(0.70)
Housing Development Finance Corporation Limited	1,30,11,207	1.35	1,30,11,207	0.95	0.40
Vinod Rai Nohria (Deceased)	6,75,207	0.05	6,75,207	0.05	0.00
Mahendra Nohria (Deceased) Private Ltd	1,01,201	0.01	1,01,201	0.01	0.00
Total	54,29,81,592	37.08	54,19,81,592	39.11	(2.03)

(v) Terms/right attached to Equity/Preference Shares :

The Holding Company has issued equity shares of Re 1 each. On a show of hands, every holder of equity shares is entitled to vote except on resolutions in which he has a personal interest. 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 amounts, in proportion to their shareholdings.

(vi) Shares reserved for issue under options.

Information relating to Employee Stock Option Plan, including Arm's Length Stock Option Plan, is disclosed in Note 41 to the financial statements for the year ended March 31, 2024.

B. Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Retained Earnings	52,952.50	47,790.58
(b) Components of Other Comprehensive Income		
a. Change in fair value of FVOCI equity instruments	557.20	184.01
b. Employee benefit obligation	(13.16)	(7.51)
(c) Other Reserves*		
a. Securities Premium	1,19,791.91	1,09,782.78
b. Capital Redemption Reserve	65.50	39.50
c. Employee State based payment reserve	1.02	0.85
d. Capital reserve on bargain purchase	0.32	0.32
(e) Money received against Convertible Warrants**	0.00	25.20
Total	1,73,355.29	1,57,815.73

(i) * Brief description of Other Reserves:

a. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b. Capital Redemption reserve was created on the value of Preference Share Capital redeemed i.e. 50,00,00,000 (previous year 50,00,00,000) 5.50% of Rs 100 each.

c. Employee State based payment reserve is created as mandated by Ind AS 102 'Share Based Payments' of the Employee Stock Option Scheme operated by the Holding Company for employees of the Group.

(ii) Brief description of Money received against Convertible Warrants:

** The Board of Directors and Shareholders of the Holding Company at their meetings held on September 22, 2022 and September 30, 2022 respectively, the Allotment Committee of the Board of Directors, vide its resolutions passed on October 19, 2022, had approved the allotment of 11,07,250 One Crores Five Lakhs Warrants convertible into 11,07,25,000 equity shares at a price of 840/- per Equity Share (Warrant Price) to persons belonging to Promoter Group 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 there under. Further, the Allotment Committee (Committee) of the Board of Directors vide its resolutions passed on February 07, 2023 and March 22, 2023 had approved the allotment of 1,00,00,000 (One Crores) and 22,00,000 (Twenty Two Lakhs) equity shares respectively, having face value of Rs 1/- (Rupee One) each at a premium of Rs 1,839/- per equity share (on partly paid-up basis) upon conversion of warrants.

(a) Retained Earnings

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the reporting period	1,296.57	1,417.62
Add: Net profit for the period	777.41	(115.51)
Less: Items of other comprehensive income recognised directly in retained earnings		
Other comprehensive income for the year	(1.11)	(0.70)
Transfer on allotment of stock options pursuant to ESOP scheme	(0.87)	0.21
Dividend paid - Payable on equity shares	(9.58)	(24.80)
Adjustment of dividend to ESOP trust	(0.72)	(0.71)
Non Controlling Interest	(72.73)	(79.75)
Transfer to Retained Earnings from Other Equity on FVOCI equity instruments	7.53	
Closing Balance	2,091.64	1,296.57

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve
As at April 1, 2022	12.47	(0.36)
Deferred during the year	4.29	
Decrease during the year	-	(1.97)
As at March 31, 2023	16.76	(2.33)
Deferred during the year	(1.69)	
Decrease during the year	(7.54)	2.67
As at March 31, 2024	14.30	(5.44)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption	Employee Share based payment	Capital Reserve
As at April 1, 2022	1,053.85	30.50	1.50	2.22
Increase during the year	6.15		-	-
Decrease during the year	(3.25)	-	(1.21)	-
As at March 31, 2023	1,056.75	30.50	1.69	2.22
Increase during the year	(45.01)	-	-	-
Decrease during the year	(1.97)	-	(0.17)	-
As at March 31, 2024	1,009.77	30.50	1.52	2.22

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2022	-
Increase during the year	28.20
Decrease during the year	
As at March 31, 2023	28.20
Increase during the year	71.20
Decrease during the year	(7.20)
As at March 31, 2024	9.80

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23 Non Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Debentures*		
Listed non convertible debentures	203.31	165.37
Listed non convertible NBFC	37.17	-
Secured Loans from Banks	9.25	3.82
	249.73	169.19
Less : Current maturities of long term debt - Term Loans	(62.01)	(57.55)
Less : Current maturities of long term debt - NBFC	(3.85)	
Less : Current maturities of long term debt - Vehicle Loans	(4.14)	(1.15)
Total	169.23	110.49

* net off (Rs 3.87 Crore (Previous year Rs 1.78 Crore) as unamortised charge

Regarding Holding Company:

a) Term Loan of Rs. 19.21 Crore (Previous year Rs. 80.37 Crore) and Rs. Nil Crore (Previous year Rs. Nil Crore) from the Banks are secured by pari-passu first charge on present Capital Block, Present Assets of Identified Units, Debt Covenants and future movement of receivable mortgage. The loans further secured by personal guarantee of Mr. Nirmal Jain Director of the Company and Corporate Guarantee of M/s MK Ventures Private Limited. Repayment of these term loans would be in 20 to 28 structured quarterly installments commencing from a period of 7 years 6 months after the date of first disbursement of the respective loans.

b) Term Loan of Rs. 20.62 Crore (Previous year Rs. Nil Crore) and Rs. 1.21 Crore (Previous year Rs. Nil) from the Bank are secured by exclusive first charge on the Office Premises at Indiabulls Finance Center (both present and future, by way of equitable mortgage). The loans are further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of M/s MK Ventures Private Limited. Repayment of these term loans would be made in 22 structured quarterly installments commencing after a period of 1 year & 9 months commencing after the date of commencement of the project and 24 structured quarterly installments commencing after a period of 2 years & 3 months commencing after the date of commencement of the project.

c) Term Loans of Rs. 3.75 Crore (Previous Year Nil) from Banks are secured by way of hypothecation over identified property, plant and equipment of the project and charge over the Escrow Account of the Project.

d) Other Vehicle Loans of Rs. 5.25 Crore (Previous Year Rs. 2.83 Crore) from banks are secured by way of hypothecation of respective vehicle.

e) The Company has complied with the debt covenants as at the year ended 31st March 2024 and 31st March 2023.

Regarding Subsidiary Company:

a) Term Loan of Rs. 32.08 Crore (Previous year Rs. 43.03 Crore) from Banks and Term Loan of Rs. 37.17 Crore (Previous year Nil Crore) from NBFC are secured by way of pari passu charge on all fixed assets (both present and future), present and future current assets, present and future book debts (both present and future), Cash and Bank balances, all rights, title, interest and benefits in all present and future contracts, agreements, documents, etc. and all insurance policies, present and future, all receivables, both present and future, all intangible assets present and future, all movable fixed assets of the company, respectively. These loans are further secured by way of Corporate Guarantee of IIFL Finance Limited and personal guarantee of Directors of the company, respectively. Guarantee of M/s MK Ventures Private Limited, Holding Company holding 67.80% shareholding of the Holding Company in IIFL Ltd.

g) Secured loan and other loans - repayment schedule and rate of interest

Particulars	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	11.25% to 12.50%	10.50%	8.35%	10.00% to 11.50%	9.50%	7.35% to 10.50%
Outstanding amount	116.21	22.36	3.13	32.05	9.11	9.25
Repayment Due						
FY 2024-25	25.30	13.74	1.06	23.22	3.89	3.10
FY 2025-26	41.37	8.62	0.68	8.05	3.09	1.16
FY 2026-27	16.81	-	0.41	1.72	1.91	1.15
FY 2027-28 Onwards	11.09	-	1.18	-	1.46	1.84

24 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits - refer note no. 52		
Provision for Gratuity	27.51	19.76
Provision for Leave Encashment	23.18	21.14
Total	50.69	40.90

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings - Loans repayable on demands		
Secured		
(i) from banks - Working Capital *	429.23	354.19
(ii) Current maturities of long-term debts, (refer note 23)	70.51	58.73
Unsecured		
(i) from banks - Vendors Bills discounting	340.15	148.36
(ii) from other parties - Inter Corporate Deposit**	168.16	71.99
(iii) from Government of India (Refer Note 56 (i))	-	4.73
Total	808.05	637.94

*terms of short term borrowings from banks:

A. Regarding Holding Company:

a) Working Capital Loans from banks aggregating to Rs.341.50 Crore (Previous year: Rs.230.76 Crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. and all other current assets of the company 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 M/s MN Ventures Private Limited

b) Working Capital Loans from Banks aggregating to Rs. Nil (Previous year: Rs 73.64 Crore) were secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of BPMPLS back bone Project for Network for Spectrum (NFS). 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 M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project for working capital consortium)

c) Working Capital Loan from Bank aggregating to Rs. 35.07 Crore (Previous year: Rs. NIL) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of SWSM Project for UP Jal Nigam. 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 Hyderabad, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first charge on entire current assets created in the SWSM project

B. Regarding Subsidiary Companies:

d) Working capital loan of Rs *2.65 Crore (Previous year: Rs. 19.73 Crore) to HTL Ltd 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 M/s MN Ventures Private Limited and pledge of 23.00% shareholding of the Holding Company in HTL Ltd. .

C. Unsecured vendor bills discounting is repayable on due dates as agreed with the Banks

D. Quarterly returns/statements of current assets filed by the Group with Banks are in agreement with the books of accounts.

e) The Group has complied with all the debt covenants in both year ended 31st March 2024 and 31st March 2023

** Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 10% to 15%.

26 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables		
Due to Micro & Small Enterprises	65.13	65.03
Others	742.49	812.99
Total	807.62	878.02

Ageing of undisputed trade payables as at 31st March, 2024

Particular	Due to Micro and Small Enterprises	Others
Not due	62.58	475.03
Less than 1 year	2.55	227.72
1-2 years	-	41.05
2-3 years	-	2.54
More than 3 years	-	1.13
Total	65.13	742.49

Ageing of undisputed trade payables as at 31st March, 2023

Particular	Due to Micro and Small Enterprises	Others
Not due	52.61	588.33
Less than 1 year	12.29	189.16
1-2 years	0.38	0.27
2-3 years	0.18	24.16
More than 3 years	0.17	1.87
Total	**65.63**	**812.99**

Note: There are no disputed trade payables.

27 **Other Financial Liabilities**

Particulars	As at March 31, 2024	As at March 31, 2023
Retention Money*	270.25	239.79
Other Financial Liabilities		
Interest accrued but not due	0.19	23.74
Security deposit	4.52	4.87
Creditors for Capital Goods	3.60	5.28
Expenses Payables	139.51	74.64
Other Employees related liabilities	21.89	19.50
Unpaid Dividends	0.91	0.82
Total	**440.87**	**368.75**

* retention money are due on completion of erection/contracts final acceptance by the Group.

28 **Current Tax Liabilities (Net)**

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax - TDS)	4.88	19.52

29 **Other Current Liabilities**

Particulars	As at March 31, 2024	As at March 31, 2023
Others		
Statutory Liabilities payable	20.95	39.91
Advance from Customers	54.41	3.98
Contract Liability- Deffered revenue (Refer note 31)	30.01	
Total	**105.37**	**43.89**

30 **Current Liabilities - Provisions**

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits (refer note no. 45)		
-Provision for Gratuity	5.72	4.11
-Provision for Leave Encashment	6.55	5.62
Provisions - Others	-	2.56
Total	**12.27**	**12.30**

31 **Revenue from operations**

Particulars	For the years ended March 31, 2024	For the years ended March 31, 2023
Sale and Services		
- Manufacturing and trading activities	1,793.60	2,371.57
- Turnkey project related activities	2,664.02	2,363.21
Other Operating Revenues		
- Scrap sale	4.97	4.66
- Export Incentives	2.51	3.87
Total	**4,465.05**	**4,743.31**

(i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115.

(ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. 30.01 Crore (Previous year Rs. Nil), which is expected to be recognised as revenue in the next year.

(iii) Contract balances

(a) **Changes in Contract assets (Unbilled revenue) are as follows-**

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	322.12	146.88
Revenue recognised during the year	339.27	309.66
Invoices raised during the year	284.48	134.12
Balance at the end of the year	**376.91**	**322.12**

(b) Changes in contract liabilities (Unearned revenue) are as follows -

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	-	-
Increase due to invoicing during the year	30.01	-
Revenue recognised that was included in the unearned and deferred revenue*	-	-
Balance at the end of the year	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.

32 **Other Income**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other non-operating income		
Interest Income	58.10	14.72
Financial guarantee Income	0.34	0.30
Exchange Fluctuation Income (net)	8.98	19.14
Subsidy under state incentives scheme	3.18	5.30
Excess Provision written back	11.10	1.46
Bad Debt Recovered	9.92	-
Others	8.97	6.26
Total	**100.59**	**47.18**

33 **Cost of Material Consumed**

	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock	291.03	199.05
Add : Purchases during the year	715.42	1,072.85
	1,006.45	1,271.90
Less: Closing Stock	206.88	291.03
Total	**799.57**	**980.87**

34 **Other Direct Costs**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Project and labour service charges	1,064.73	953.28
Consumption of Packing Material	37.26	49.62
Consumption of stores and spares parts	28.66	32.07
Loose Tools written off	1.91	1.01
Total	1,132.56	1,035.98

35 **Change in inventories of finished goods, work-in progress and stock-in trade**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Closing Stock		
Finished Goods	126.38	86.87
Stock in Trade- Goods	170.84	120.73
Work in process	240.33	227.06
	537.55	**434.66**
Opening Stock		
Finished Goods	86.87	63.08
Stock in Trade- Goods	120.73	75.24
Work in process	227.06	193.93
	434.66	**332.25**
Total	**(102.89)**	**(102.41)**

36 Employee benefits expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, bonus and allowances	318.64	316.48
Contribution to Provident and other funds	16.76	14.21
Staff welfare expenses	15.13	15.49
Total	**350.53**	**348.19**

37 Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Bank Loan Interest	98.46	48.56
Other Interest Cost	17.13	31.80
Bank Charges and loan processing fee	20.08	60.53
Interest on lease liabilities (refer note no. 43)	2.61	2.30
	147.28	152.19

38 Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	4.04	3.15
Rates and Taxes	9.15	9.56
Auditors' Remuneration		
- Audit Fees	2.06	1.49
- In Other Capacity*	0.21	0.43
- Out of pocket expenses	0.28	0.27
Legal and Professional Charges	54.01	59.65
Communication Expenses	3.78	3.49
Travelling and Conveyance Expenses	51.96	44.40
Power and Fuel & Water Charges	43.95	49.04
Repairs and Maintenance	5.54	7.56
Insurance Expenses	15.12	11.84
Selling & Distribution Expenses	67.67	60.61
Bad debts, Loans and Advances, other balances written off (net)	0.10	0.54
Provision for doubtful debts (net) (refer note 15)	0.35	1.56
Sitting Fees to non-executive Directors	0.77	0.59
Research & Product Development Expenses	9.77	4.90
Corporate Social Responsibility Expenses	8.65	7.69
Miscellaneous Expenditure	34.27	28.76
Total	**312.56**	**297.53**

*Excluding Professional fee of Rs. 0.45 Crore (PY – Nil) paid to auditors towards QIP share issuance and being debited to share issue expenses during the year.

39 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Basic & Diluted Earnings per share		
Profit for the year	337.52	317.71
Profit attributable to ordinary shareholders (A)	329.81	309.07
Weighted average number of ordinary shares (B)	1,41,50,93,024	1,37,01,62,751
Used as denominator for calculating basic EPS		
Potential equity shares	-	-
Weighted average number of ordinary shares (C)	1,41,50,93,024	1,37,01,62,751
Used as denominator for calculating diluted EPS		
Nominal value of ordinary shares	Re. 1/-	Re. 1/-
Earnings per share basic (A/B)	2.33	2.18
Earnings per share diluted (A/C)	2.33	2.18

42 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and in any future periods affected.

The following are the key accounting estimates and judgments that have been used in the preparation of the financial statements and might cause 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 are depreciated over their estimated useful lives, which are determined based on technical evaluation and industry standards. The estimated useful lives are reviewed annually and adjusted if necessary.

Intangible assets, including goodwill and customer relationships acquired in business combinations, are amortized over their estimated useful lives. The estimated useful lives of intangible assets are reviewed annually and adjusted if necessary.

2. Recoverability of tangible assets and intangible assets under development

Management assesses whether there is any indication that the carrying amount of tangible assets and intangible assets under development may not be recoverable. If such indication exists, the recoverable amount is estimated and compared with the carrying amount. Any impairment loss is recognized in the statement of profit and loss.

3. Employee benefits

Defined benefit plans and other long-term employee benefits are determined using actuarial valuations. These valuations involve assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates, and other factors. The actuarial assumptions used may differ from actual results.

4. Revenue Recognition

The Company uses the percentage-of-completion method for recognizing revenue from fixed-price contracts. Management estimates the total contract revenue and the total contract cost to determine the percentage of completion. These estimates are based on historical experience, project plans, and current contract terms. Revisions to estimates are recognized in the period in which they become known.

5. Leases

The Company's lease liability is determined using the incremental borrowing rate applicable to the lessee, which is the rate that the lessee would have to pay to borrow funds on a similar basis. The incremental borrowing rate is estimated based on the lessee's credit rating, the lease term, and the economic environment.

6. Expected credit losses on receivables and contract assets

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for similar types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

7. Taxes

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available against which these 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 level of future taxable profits together with future tax planning strategies.

8. Contingencies

In the ordinary course of business, the Company is subject to legal proceedings, claims, and assessments. Estimates in relation to contingent liabilities are made by management based on the information available up to the date of the financial statements. The actual outcome of these matters may vary from these estimates.

9. Fair Value of Unquoted equity investments

Unquoted equity investments are measured at fair value through profit or loss. The fair value is determined using valuation techniques that include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation models. These techniques incorporate various assumptions, including future cash flows, discount rates, and market conditions. The use of different assumptions could result in different fair value measurements.

41 Research & Development

The Group's research and development activities are carried out in-house by its employees and through external agencies. These activities are aimed at developing new products, improving existing products, and enhancing manufacturing processes. The Group's research and development facilities are located at [illegible] and are recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology. The following expenditure has been incurred on research and development during the year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue expenditure on research and development	[illegible]	[illegible]
Capital expenditure on		
(a) Land & Buildings	[illegible]	[illegible]
(b) Plant & Machinery	[illegible]	[illegible]
(c) Furniture, Fixtures and Office Equipments	[illegible]	[illegible]
(d) Others (specify nature)	[illegible]	[illegible]
Total	[illegible]	[illegible]

43 Dividend Distribution made and proposed

The Board of Directors of the Company at its meeting held on [illegible] has proposed a dividend of ₹ [illegible] per equity share of face value of ₹ [illegible] each for the financial year ended March 31, 2024. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on [illegible]. The proposed dividend, if approved, will result in a cash outflow of ₹ [illegible] lakhs.

The Board of Directors of the Company has also declared an interim dividend of ₹ [illegible] per equity share of face value of ₹ [illegible] each for the financial year ended March 31, 2024. The interim dividend was paid on [illegible]. The total amount of interim dividend paid was ₹ [illegible] lakhs.

44 Leases

The details of the right-of-use assets held by the Company are as follows:

Particulars	Additions for the year ended March 31, 2024	Net carrying amount as at March 31, 2024	Additions for the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Land	[illegible]	[illegible]	-	[illegible]
Buildings	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

Depreciation on right-of-use assets as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Land		
Buildings		
Total		

Lease liability included in the Balance Sheet as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Non-current		
Total		

The following are the amounts recognised in profit or loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense of right-of-use assets		
Interest expense on lease liabilities		
Total amount recognised in profit or loss		

The total cash outflow for leases for the year was Rs. [illegible] (March 31, 2023: Rs. [illegible]).

Income from sub-leasing of right-of-use assets amounts to Rs. [illegible] (March 31, 2023: Rs. [illegible]).

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The expenses relating to payments not included in the measurement of the lease liability are as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expenses relating to short-term leases		
Expenses relating to leases of low-value assets		

The Group does not face a significant liquidity risk with regard to its lease liabilities. Current lease liabilities are expected to be settled from cash flows from operations.

The Group has several lease agreements which include extension and termination options and variable lease payments. These terms are negotiated to provide flexibility in managing the leased assets and are consistent with industry practices. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

33 (a) Information about subsidiary companies & Jointly Controlled Entities:

The following are the details of the Group's subsidiary companies, which are consolidated in these Consolidated Financial Statements:

Name of the Subsidiary Companies & Jointly Controlled Entities	Percentage of Holding	Incorporated In
IIFL Limited		India
India Asset Advisory Private Limited		India
IIFL Asset Management Limited		India
IIFL Alternate Asset Advisors Limited		India
Indiabulls Housing Limited		India
Nivesh Enterprises Private Limited		India
IIFL Technologies Limited (merged)		India
IIFL Trustee Limited		India
IIFL Inc.		USA
IIFL Inc.		Netherlands
IIFL Securities (Mauritius) Limited		Mauritius
Nivesh Enterprises Private Limited (Jointly Controlled Entity)		India
Digital Wisdom Pvt. Limited (Jointly Controlled Entity)		India
Nivesh Securities Limited		

(b) Additional Information, as required under Schedule III of the Companies Act, 2013 of entities 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 (Rs. in mn)	As % of Consolidated Profit or Loss	Amount (Rs. in mn)
Parent Holding Company				
IIFL Limited				
Subsidiaries - Indian				
IIFL Limited				
Nivesh Enterprises Private Limited				
India Asset Advisory Private Limited				
IIFL Asset Management Limited				
Indiabulls Housing Limited				
Nivesh Securities Limited				
IIFL Technologies Limited (merged)				
Subsidiaries - Foreign				
IIFL Inc.				
IIFL Inc.				
Jointly Controlled Entities - Indian				
Nivesh Enterprises Private Limited				
Digital Wisdom Pvt. Limited				
Non-controlling interest in all subsidiaries				

34 During the year, Group has recognised the following amounts in the Consolidated Statement of Profit and Loss for the year ended March 31, 2024 (Refer Note 39):

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Consolidated Statement of Profit and Loss for the year are as under:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employer's Contribution to Provident Fund		

b) Defined Benefit Plan

The gratuity plan is a funded plan and is managed by IIFL Trustee Limited. For independent actuarial valuation of the gratuity plan, the Projected Unit Credit Method is used. The actuarial valuation is carried out every year. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Actuarial assumptions

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality rate (as per IALM 2012-14 (Ultimate) Mortality Table)		
Discount rate (per annum)		
Rate of salary increase (per annum)		
Average remaining working lives of employees (years)		

[illegible] Limited

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2024

(All amounts are in ₹ Lakhs)

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	[illegible]	[illegible]
Acquisition adjustment		
Interest Cost	[illegible]	[illegible]
Past service cost (Vested Benefit)	Nil	[illegible]
Current Service Cost	[illegible]	[illegible]
Curtailment cost / (Credit)	Nil	[illegible]
Settlement cost / (Credit)	Nil	[illegible]
Benefits paid	[illegible]	[illegible]
Actuarial (gain)/ loss on obligations	[illegible]	[illegible]
Present value of obligation as at the end of the period	[illegible]	[illegible]

Table showing changes in the fair value of plan assets :

Fair value of plan assets at beginning of the year	[illegible]	[illegible]
Acquisition adjustment	Nil	Nil
Expected return on plan assets	[illegible]	[illegible]
Employer contribution		
Benefits paid	Nil	[illegible]
Actuarial gain / (loss) on plan assets	[illegible]	[illegible]
Charges deducted		
Fair value of plan assets at the end of the period	[illegible]	[illegible]

Other Comprehensive Income

Actuarial (gain)/ loss for the period - Obligation	[illegible]	[illegible]
Actuarial (gain)/ loss for the period - Plan assets	[illegible]	[illegible]
Total (gain) / loss for the period	[illegible]	[illegible]
Actuarial (gain)/ loss recognized in the period	[illegible]	[illegible]
Unrecognized actuarial (gain)/ 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	[illegible]	[illegible]
Fair value of plan assets as at the end of the period	[illegible]	[illegible]
Funded Status	[illegible]	[illegible]
Unrecognized actuarial (gain)/ losses	Nil	Nil
Net asset/ (liability) recognized in balance sheet	[illegible]	[illegible]

Expenses recognized in Consolidated Statement of Profit and Loss :

Current service cost	[illegible]	[illegible]
Past service cost (Vested Benefit)	Nil	[illegible]
Interest Cost	[illegible]	[illegible]
Expected return on plan assets	[illegible]	
Curtailment and settlement cost / (credit)	Nil	Nil
Expenses recognized in the Consolidated Statement of Profit and Loss	[illegible]	[illegible]

Sensitivity analysis of the defined benefit obligation

Impact of the change in discount Rate		
Present Value of Obligation at the end of the period	[illegible]	[illegible]
Impact due to increase of 0.5%	[illegible]	[illegible]
Impact due to decrease of 0.5%	[illegible]	[illegible]
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	[illegible]	[illegible]
Impact due to increase of 0.5%	[illegible]	[illegible]
Impact due to decrease of 0.5%	[illegible]	[illegible]

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

Maturity profile of defined benefit obligation

March 2024 to March 2025	[illegible]	[illegible]
March 2025 to March 2026	[illegible]	[illegible]
March 2026 to March 2027	[illegible]	[illegible]
March 2027 to March 2028	[illegible]	[illegible]
March 2028 to March 2029	[illegible]	[illegible]
March 2029 to March 2030	[illegible]	[illegible]
March 2030 onwards	[illegible]	[illegible]

Investment Details

[illegible]	[illegible]	[illegible]

Note: The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

(ii) Other Long Term Employee Benefits

Actuarial assumptions

Particulars	Leave Encashment	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table [illegible]		
Discount rate (per annum)	[illegible]	[illegible]
Rate of increase in Compensation levels	[illegible]	[illegible]
Average remaining working life of employees (Years)	[illegible]	[illegible]

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	[illegible]	[illegible]
Acquisition adjustment		
Interest Cost	[illegible]	[illegible]
Past service cost (Vested Benefit)	Nil	[illegible]
Current Service Cost	[illegible]	[illegible]
Curtailment cost / (Credit)	[illegible]	[illegible]
Settlement cost / (Credit)	Nil	[illegible]
Benefits paid	[illegible]	[illegible]
Actuarial (gain)/ loss on obligations	[illegible]	[illegible]
Present value of obligation as at the end of the period	[illegible]	[illegible]

Sensitivity analysis of the defined benefit obligation

[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

46 [illegible]

[illegible]

47 [illegible]

(a) [illegible]

Particulars	As at March 31, 2024	As at March 31, 2023
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	

Notes:

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

(b) [illegible]

Particulars	As at March 31, 2024	As at March 31, 2023
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

(c) [illegible]

On Behalf Of	Issued to	As at March 31, 2024	As at March 31, 2023	Credit facilities Extended by Banks
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

48 [illegible]

[illegible]

49 [illegible]

[illegible] Limited
Notes forming part of Consolidated Financial Statements for the year ended March [illegible], 2024
(All amounts are in Rs. Crores)

36 "Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

[illegible]	Name of Related Party
[illegible]	Mr. Manish Nahata, Managing Director
	Mr. [illegible], Chief Financial Officer
	Mr. Manish Bhandari, Partner, S. Bhandari & Co. LLP, Chartered Accountants (upto [illegible])
	Mr. [illegible], Partner, S. Bhandari & Co. LLP, Chartered Accountants (w.e.f. [illegible])
	Mr. [illegible], Company Secretary (upto [illegible])
	Mr. [illegible], Company Secretary (w.e.f. [illegible])
	Mr. [illegible], Director, [illegible] Limited (upto [illegible])
	Mr. [illegible], Director, [illegible] Limited (w.e.f. [illegible])
[illegible]	Nahata Developers and Builders Limited
	Balaji Wafers Pvt. Limited
[illegible]	[illegible]
	[illegible]
[illegible]	Mr. Manish Nahata
	Mrs. [illegible]
	[illegible]
	[illegible]
	[illegible]
	[illegible]
	[illegible]
	[illegible]
[illegible]	Mr. Arun Nahata

Note: Related parties have been identified by the Management and relied upon by the Auditors.

b) Nature, Terms and Conditions: The transactions with related parties are made in the ordinary course of business. The outstanding balances are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Purchase/ reversal of Goods & services		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Sale/ rendering of Goods and Services		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Investments		
[illegible]	[illegible]	[illegible]
Interest Paid/ Other Debits		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Interest/ Interest on Leasing etc		
[illegible]	[illegible]	[illegible]
Deposits/ Bank/ ECBs/ equities		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Loans and Advances given/ received during the year		
[illegible]	[illegible]	[illegible]
Advances given to Key Management Personnel during the year		
Mr. Manish Nahata - Managing Director	[illegible]	[illegible]
Mr. Arun Nahata - Executive Director	[illegible]	[illegible]
Dividend paid		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Mr. Manish Nahata	[illegible]	[illegible]
Mr. Arun Nahata	[illegible]	[illegible]
Mr. [illegible]	[illegible]	[illegible]
Mr. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Shares held by related parties as beneficial owner		
[illegible]	[illegible]	[illegible]
Mr. [illegible]	[illegible]	[illegible]
Mr. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Closing Balances at the year end		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Closing Balances of Loans		
Nimpaa Telecomunications Private Limited	2.50	3.00
Closing Balances of Security Deposit		
Satellite Finance Private Limited	0.16	0.16
Vinsan Brothers Private Limited	0.40	0.40
Closing Balances of Trade Payables		
Exicom Tele-systems Limited	0.00	-
Exicom Energy System Private Limited	0.00	-
Nimpaa Telecomunications Private Limited	1.20	0.67
Shankar Sales Promotion Private Limited	0.14	0.15
Vinsan Brothers Private Limited	0.13	-
Satellite Finance Private Limited	-	0.01
Contribution towards ESOP Trust		
HFCL Emplovee Trust (Net)	1.84	2.81
Guarantees and collaterals		
Exicom Tele-systems Limited	6.50	6.50
Closing Balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	5.21	4.29
Mr. Vijay Raj Jain (Chief Financial Officer)	-	0.60
Remuneration of Key Management Personnel's*		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	6.80	6.80
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	4.55	3.58
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	1.42	0.88
Mr.G.S Naidu, COO & Manager - HTL Limited	1.89	1.01
Mr. C. D. Ponnappa Chief Financial Officer- HTL Limited	0.95	0.71
Mr. S Narayanan, Company Secretary- HTL Limited	0.29	0.25
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.51	0.30
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited	0.12	0.12
Mr. Prashant Kishanani, Company Secretary- HFCL Technologies Private Limited (from 04.04.2022 upto 06.04.2023)	-	0.06
Mr. Piyush Kumar, Company Secretary- HFCL Technologies Private Limited (w.e.f 04.03.2024)	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	0.22	0.55
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.13	0.02
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.02	0.04
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Pvt. Ltd	0.01	-
Mr. Prashant Kishanani, Company Secretary-HFCL Technologies Pvt. Ltd.(from 04.04.2022 upto 06.04.2023)	-	0.00
Mr. Piyush Kumar, Company Secretary- HFCL Technologies Private Limited (w.e.f 04.03.2024)	0.01	-
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.05	0.03
Mr.G.S.Naidu, COO & Manager - HTL Limited	0.25	0.16
Mr. C. D. Ponnappa Chief Financial Officer- HTL Limited	0.17	0.11
Mr. S Narayanan, Company Secretary- HTL Limited	0.03	0.02
ESOP excercised		
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	-	0.19
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	-	0.09

* 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:
i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions
ii) The remuneration to Key Managerial Personnel are in line with the HR policies of the group.
iii) Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with HR policies of the group
iv) 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.

v) 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 uniformally applicable to all the holders

vi) 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.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue
ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.
iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes
iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group

v. 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

vi. 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

(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 [illegible]

HFCL Limited

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2024

(All amounts are in Rs. Crore)

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	1,862.48	2,637.97	2,602.56	2,103.60	-	1.74	4,465.05	4,743.31
Segment Result	215.86	403.12	367.06	170.15	4.00	2.27	586.92	575.53
Unallocated Finance charges							147.28	152.19
Unallocated expenses							8.22	8.56
Unallocated Income							22.61	15.82
Profit before tax							454.04	430.60
Income tax (net)							116.50	112.89
Profit after tax							337.54	317.71
Other Information								
Segment assets	2,248.11	1,980.88	3,416.35	2,900.94	6.25	3.89	5,670.70	4,885.70
Unallocated other assets							816.13	586.89
Total assets	2,248.11	1,980.88	3,416.35	2,900.94	6.25	3.89	6,486.84	5,472.59
Segment liabilities	773.82	1,001.84	1,078.16	937.44	0.45	3.06	1,852.43	1,942.35
Unallocated other liabilities							634.59	386.11
Total liabilities	773.82	1,001.84	1,078.16	937.44	0.45	3.06	2,487.02	2,328.45
Depreciation	79.00	79.37	2.75	3.60	-	-	81.76	82.97
Capital Expenditure	262.39	287.43	1.28	1.28	21.37	16.64	285.04	305.35
Non-cash expenses other than Deprecation	4.70	4.63	-	-	0.01	-	4.70	4.64

(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, 2024	Year ended March 31, 2023
(1) Revenue from External Customers		
Within India	3,964.41	3,925.82
Outside India	500.64	817.49
Total revenue as per statement of profit and loss	**4,465.05**	**4,743.31**
(2) Non Current Assets		
Within India (excluding financial assets & deffered tax assets)	1,200.55	874.51
Outside India	-	-
Total	**1,200.55**	**874.51**

Revenue from three customer is Rs. 1744.51 Crore (Rs. 2184.06 Crore from two customers), which is more than 10% of the total revenue of the Group Company.

92 [illegible]

93 [illegible]

Name of the company with complete name	Nature of relationship	Shares outstanding at the end of the year (March 31, 2023)	Percentage of shares held (directly or indirectly) as at March 31, 2023
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Shareholder		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant
	Trade Payables		Not Relevant

As at the Balance Sheet date, the Company has entered into forward contracts to hedge its foreign currency exposure in respect of the Company's borrowings in foreign currency under the External Commercial Borrowings Policy. The Company has designated these forward contracts as cash flow hedges in respect of the ECB liabilities. The Company has also entered into cross currency interest rate swaps to hedge its foreign currency exposure in respect of the ECB liabilities. The Company has designated these cross currency interest rate swaps as cash flow hedges in respect of the ECB liabilities. The Company has also entered into cross currency interest rate swaps to hedge its foreign currency exposure in respect of the ECB liabilities. The Company has designated these cross currency interest rate swaps as cash flow hedges in respect of the ECB liabilities.

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Particulars	Share-based payments	
	Year ended March 31, 2024	Year ended March 31, 2023
Employee Stock Options (ESOPs)		
Outstanding at the beginning		
Granted		
Exercised		
Forfeited/Lapsed/Cancelled		
Expired unexercised at the end		
Exercisable at the end		
Weighted average exercise price		
Weighted average fair value of options granted		
Restricted Stock Units (RSUs)		
Outstanding at the beginning		
Granted		
Exercised		
Forfeited/Lapsed/Cancelled		
Outstanding at the end		
Exercisable at the end		

* Includes options granted to employees of subsidiary companies

The details of exercise price for ESOPs outstanding as at March 31, 2024 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 (Rs.)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes Model with the following assumptions:

Particulars	For ESOPs granted during the year ended March 31, 2024
Weighted Average Share Price (Rs.)	
Exercise price (Rs.)	
Expected Volatility	
Expected Option Life (expected period)	
Expected Dividends	
Risk-free interest rate	
Weighted average Fair Value of Options granted (Rs.)	

The expected life of the ESOPs is estimated based on the vesting terms and contractual term of the ESOPs, as well as expected exercise behaviour of the employees who receive the ESOPs. Expected volatility is the expected trend in the ESOPs' market price, which is based on the historical market prices of the Company's publicly traded shares during a period equivalent to the expected life of the ESOPs.

35 Particulars in respect of loans and advances to the Group of loans to related parties as required under Regulation 34(3) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Name of the Company	Outstanding as at		Maximum Amount outstanding during the year	
	March 31, 2024	March 31, 2023	2023-24	2022-23
Associate IDBI Intech Limited (refer note 3.2 (a))	[illegible]	[illegible]	[illegible]	[illegible]

Disclosure pursuant to section 186 of the Companies Act 2013

Sr. No.	Name of the recipient and nature of investment made / Guarantee given / Security provided	Purpose for which the loan / guarantee / security is proposed to be utilized by the recipient	2023-24	2022-23
(a)	Investment in Associates			
	Quoted Equity			
	(a) No. of Equity Shares [illegible]	[illegible]	[illegible]	[illegible]
	Unquoted			
	(a) [illegible]	[illegible]	[illegible]	[illegible]
	(b) [illegible]	[illegible]	[illegible]	[illegible]
(b)	Investment in Others			
	Insurance Company			
	(a) [illegible]	[illegible]	[illegible]	[illegible]

36 [illegible]

III. [illegible]

[illegible]

[illegible]

[illegible]

37 Financial risk management objectives and policies

[illegible]

[illegible]

37.1 Financial Instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
(i) Financial Assets						
1. Derivatives						
A. Cash & Bank Balances						
(a) Balances with Banks	-	[illegible]			[illegible]	-
(b) Deposits with Banks	-					-
[illegible]		[illegible]			[illegible]	
[illegible]		[illegible]	-	-	[illegible]	
[illegible]	-		-		[illegible]	-
[illegible]	-	[illegible]			[illegible]	-
[illegible]	-				[illegible]	
[illegible]		[illegible]			[illegible]	
Subscription	[illegible]		-	[illegible]		
[illegible]	-		[illegible]			[illegible]
	-					-
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
[illegible]	-		[illegible]			[illegible]
[illegible]	-		[illegible]			[illegible]
[illegible]	-	-	[illegible]			[illegible]
Total financial assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(ii) Financial Liabilities						
Derivatives						
[illegible]			[illegible]			[illegible]
[illegible]	-		[illegible]		-	[illegible]
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
[illegible]		-	[illegible]		-	[illegible]
[illegible]	-		[illegible]			[illegible]
Total financial liabilities	-	-	[illegible]	-	-	[illegible]

37.2 Fair Value measurements

[illegible]

[illegible]



ii) As at ending March 31, 2023

Financial Assets Measured at Fair Value (recurring) and Non-financial assets at March 31, 2024	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	11		4.90	
FVTOCI				
Investments				
a) Non-Cumulative Preference Shares	13	0.05	-	-
b) Government Securities	13	0.12	-	-
c) Debentures	13			
a) Bharat Infra Debenture Ltd	13	1.00		
d) Bihar Infra Development Ltd	13			
e) IIFCL West Bengal Development Debenture Trust	13			0.10
f) Equity Investments	8		-	110.29
g) Investment in Subsidiaries	8		-	0.05
h) Security Receipts (Net)	8		-	0.00
i) Net Properties (Net)	9		-	1.87
j) Assets acquired (Net)	9		-	0.11
Total Financial Assets		1.17	4.90	112.41

iii) As at ending March 31, 2023

Financial Assets measured at Fair Value (recurring) and Non-financial assets at March 31, 2023	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	11	7.10	-	-
FVTOCI				
Investments				
a) Shares of Associates (Net)	5	0.00		
b) Shares of Subsidiaries	5	0.05	-	-
c) Debentures	5	0.10		
d) Bharat Infra Debenture Ltd	5	1.00	-	
e) Mutual Funds	5	0.00	-	
f) Equity Investments (Net)	5	0.00		
g) Net Properties (Net)	9			1.87
h) Assets acquired (Net)	9			0.11
i) Equity Investments	8			0.00
j) Security Receipts (Net)	8			0.00
k) Investment in Subsidiaries	8			0.05
l) Investment in Associates	8			0.00
Total Financial Assets		8.25		39.13

Significant Estimates

The most critical judgements which the entity has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements are as follows:

37.2 MANAGEMENT OF FINANCIAL RISK

Introduction

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following tables show the contractual maturities of the financial assets and financial liabilities at the balance sheet date:

Particulars	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2024					
Trade payables	21	0.11	0.11		0.11
Debt Securities	20	0.00	0.00		0.00
Other liabilities	22,23,24,25,26,27	1.00	0.00	0.00	1.00
As at March 31, 2023					
Trade payables	21	0.00	0.00		0.00
Debt Securities	20	0.00	0.00		0.00
Other liabilities	22,23,24,25,26,27	1.00	0.00	0.00	1.00

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
The Group is mainly exposed to the price risk due to investment in equity instruments. The price risk arises due to uncertainty about the future prices of the investments held.	In order to manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio in accordance with the limits set by its risk management policies.	The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period.
Trade Receivables: Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.	The use of credit ratings is established by the Management.	If there is a possibility that the Group's credit risk exposure could result in a material loss, the Group may consider purchasing credit insurance or other forms of credit enhancement. The Group's credit risk exposure is monitored on an ongoing basis, and the Group's credit risk management policies are reviewed regularly to ensure that they remain appropriate.
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 interest rate risk arises primarily from its investments in debt securities and borrowings. Changes in market interest rates may affect the Group's net interest income, the value of its investments, and the cost of its borrowings.		As at the balance sheet date, the Group's exposure to interest rate risk is not significant. However, the Group is closely monitoring the interest rate environment and may take appropriate measures to mitigate any potential risks in the future.

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, foreign exchange transactions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data of observed losses, current economic conditions, and a review of any specific customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold collateral as security.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning	[illegible]	[illegible]
Impairment loss recognised	[illegible]	[illegible]
Balance at the end	[illegible]	[illegible]

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2024 and March 31, 2023 is the carrying amounts as illustrated in Note 11 except for financial guarantees and derivatives. The Group's policy requires that derivatives are entered into only with counterparties that have a minimum credit rating of [illegible] as determined by international credit rating agencies.

Some of the Group's financial assets are subject to enforceable master netting arrangements and similar agreements that do not meet the criteria for offsetting in the balance sheet but still allow for the right to set off under certain circumstances such as the default of a counterparty or other predetermined events. The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Particulars	As at March 31, 2024	As at March 31, 2023
Derivative assets	[illegible]	[illegible]
Derivative liabilities	[illegible]	[illegible]
Net amount	[illegible]	[illegible]
Cash collateral	[illegible]	[illegible]
Net Debt to Total Equity	[illegible]	[illegible]

Capital management

Capital includes total shareholders' equity and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

Particulars	As at March 31, 2024	As at March 31, 2023
Debt	[illegible]	[illegible]
Cash and Cash Equivalents	[illegible]	[illegible]
Net Debt	[illegible]	[illegible]
Total Equity	[illegible]	[illegible]
Net Debt to Total Equity	[illegible]	[illegible]

35 Foreign Currency Exposure

The Group has foreign currency exposure from its foreign operations, foreign currency borrowings, and other foreign currency transactions. The Group's foreign currency exposure is managed through a combination of natural hedges, forward contracts and currency swaps. The Group's policy is to hedge its foreign currency exposure to the extent it is considered economically appropriate. The Group does not enter into derivative financial instruments for speculative purposes.

The following table sets out the Group's foreign currency exposure as at March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount in Foreign Currency	Equivalent in Rs.	Amount in Foreign Currency	Equivalent in Rs.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a) Foreign Currency Exposure

Particulars		As at March 31, 2024		As at March 31, 2023	
		Amount in Foreign Currency	Equivalent in Rs.	Amount in Foreign Currency	Equivalent in Rs.
Trade payable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash and Bank Balances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Loans Payable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

b) Foreign currency sensitivity analysis

The following table sets out the impact on the Group's profit before tax and equity of a reasonably possible change in the exchange rates of the foreign currencies to which the Group has significant exposure, with all other variables held constant. The analysis is based on the Group's foreign currency exposures as at March 31, 2024 and March 31, 2023. The sensitivity rate used is [illegible]% for all currencies, which represents management's assessment of a reasonably possible change in exchange rates over the next year.

Particulars	Year Ended March 31, 2024		Year Ended March 31, 2023	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
Impact on profit before tax for the year				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Impact on other comprehensive income for the year				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total impact on equity	[illegible]	[illegible]	[illegible]	[illegible]

59 Tax Reconciliation

Particular	F.Y. 2023-24	F.Y. 2022-23
Net Profit as per Statement of Profit and Loss (before tax)	**454.02**	**430.61**
Current Tax rate @ 25.17%	**114.98**	**109.42**
Adjustment:		
Depreciation & other adjustment	(48.08)	(35.92)
Amount of eligible / ineligible expenditure	0.65	4.23
Other Adjustments	0.36	1.27
Tax Provision as per Books	**67.91**	**79.00**

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 standard under Companies (Indian Accounting Standards) rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

61 The Holding Company was awarded an Arbitration claim dated 29-Sep-2023 amounting to Rs. 55.94 Crore. Acordingly, interest of Rs. 36.25 Crore, Bad debt recovery of Rs 9.92 Crore and reversal of provision for doubtful debts of Rs 9.77 Crore have 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, except in mentioned below in subsidiary company namely HTL Limited.

Charge in favour of	Delay Period (in Months)	Reason for Delay
Axis Finance Ltd (Security on all movable assets of company and immovable assets of Plant at Hosur, Tamil Nadu)	1	Delayed Receipt of NOC

63 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

Partner
M.No. 072625

Place: New Delhi
Date: May 03, 2024

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016520N

Partner

For and on behalf of the Board

Managing Director
DIN: 00052898

DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

S Bhandari & Co LLP
Chartered Accountants
P-7, Tilak Marg, C-Scheme
Jaipur- 302 005

Oswal Sunil & Company
Chartered Accountants
31, Daryaganj,
New Delhi-110002

INDEPENDENT AUDITORS' REPORT

To the Members of **IIFCL Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **IIFCL 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, 2023, 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 significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of subsidiaries, 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	Response to Key Audit Matters
1	**Customer contracts – accuracy of revenue recognition, valuation of contract assets, work in progress (WIP), trade and other receivables, and accuracy of contract liabilities** For the year ended March 31, 2023, revenue from customer contracts amounts to Rs. 4,395.68 Crores whereas as at March 31, 2023, contract assets amount to Rs. 318.32 Crores, the balance of work in progress (WIP) amounts to Rs 174.15Crores and retention amounts to Rs. 230.79 Crores. The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, 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 and amounts not	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.

	justified as well as overstated WIP that requires impairment adjustments	
2	**Valuation of accounts receivable - risk of credit losses** Parent Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Parent's financial statements amounting to Rs. 2207.46 crores as of March 31, 2023 and provisions for impairment of receivables is an area which is influenced by management's estimates and judgment. The provision for impairment of receivables amounted to Rs. 19.29 crores as at March 31, 2023. Refer to the Note 15 to the consolidated 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 Parent's credit policy outlining authority for approving and responsibility to manage credit limits; • Inquiries with committee in order to understand and assess governance and follow-up/monitoring of key customers; • Analytical procedures and inquiries with Business Area; • Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Company manage credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to the Group's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
3	**Recoverability of Project and other vendor advances** As at March 31, 2023, current financial assets include Rs. 456.86 crores in respect of Project and other vendor advances and are pending to be adjusted/settled. Management exercises significant judgement when determining whether to record any impairment loss on advances. As the carrying amount of Project and other vendor advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the	Our audit procedures involve the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to advances given; • Assessment of the Parent's procurement policy outlining authority for approving and responsibility to manage vendor advances; • Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; • Analytical procedures and inquiries with Business Area; • Obtain balance confirmations from selected parties to ensure existence thereof. • Review of Purchase orders and/or agreements for selected parties and enquire

	recoverability of Project and other vendor advances as a key audit matter. Refer Note 19 to the Consolidated Financial Statements.	management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.
4	**Recoverability relating to Goods and Services Tax recoverable:** As at March 31, 2023, under other current assets, indirect taxes recoverable include Rs. 161.10 crores in respect of GST Input receivables by parent Company. The Parent has accounted for input credit on material and services received from suppliers and is carrying out continuous process of reconciliation. We focused on management's estimate of getting input tax credit which involves significant judgement. Refer Note 21 to the Consolidated Financial Statements	Our audit procedure involves the following activities: • Assessing and updating our understanding of internal control over financial reporting with respect to recording of invoices of suppliers • Reviewing the management continuing process for reconciliation, updation and follow up with the vendors. We have relied upon the management's assessment
5	**Recoverability and Contingencies relating to other Indirect tax matters** As at March 31, 2023, "Indirect Tax Recoverable" includes Rs. 4.06 crores in respect of Commercial taxes recoverable which are pending adjudication. The Parent Company has open/pending tax assessments in various states. The determination of provisions and contingent liabilities arising from the open tax assessments make this a particular area of significant judgement. We focused on management's assessment of the likely outcome and quantification of tax exposures which involves significant judgement. Refer Note 21 to the Consolidated Financial Statements.	We performed the following substantive procedures: • Understanding the process of estimation, recording and reassessing tax provisions and contingencies • Involving tax specialists to assist in analyzing the judgements used to determine provisions for tax matters • We have involved our internal experts to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. • Inspecting the correspondence with tax authorities. • Inspecting reports on open tax assessments prepared by the Parent Company and other appropriate documentation considered necessary to understand the position and conclusions made by the Parent. We also assessed the adequacy of the Group's financial statements disclosure in respect of the tax positions and contingent liabilities.

		We agree with management's evaluation.
With Respect to Subsidiary Company – IITL Limited		
5	**Provision of Interest on Government of India (GOI) Loan** Pending the response to the company's letter to GOI and also confirmation of balance from GOI, provision of interest on GOI loan has been made after adjustment of claim recoverable from BSNL. As on 31st March 2023, total loan outstanding is Rs. 473.00 Lacs and Interest Accrued is Rs. 2347.13 Lacs	**Principal Audit Procedures** Obtained details of correspondence with Government of India for settlement of claim. Verified the reconciliation statement prepared by the management after adjustment of claim recoverable from BSNL against the interest portion of the outstanding loan from GOI. Discussion with the management on the current status on the loan reconciliation.

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 are 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 Rs. 12.13 Crores as at March 31, 2023, total revenues of Rs. 0.60 Crore, Net profit after tax of Rs 0.96 Crores, total comprehensive income of Rs. 0.97 Crores and net cash inflows of Rs. 0.04 Crores for the year ended on that date, as considered in the consolidated financial statement. These financial statements / financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

b) Financial statements of five subsidiaries whose financial statements / financial information reflect total assets of Rs. 616.48 Crores as at March 31, 2023, total revenues of Rs. 1267.07 Crores, Net profit after tax of Rs. 62.03 Crores, total comprehensive income of Rs. 61.50 Crores, and net cash inflows of Rs. (0.31) Crores for the year ended on that date, as considered in the Consolidated Financial statement, have been audited by one of the joint auditors of the Parent Company and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such joint auditor.

c) The Consolidated Financial Statements includes financial performance of three foreign branches which reflects total assets of Rs. 75.27 Crores as at March 31, 2023, total revenues of Rs. 52.98 Crores, Net profit after tax of Rs. 8.61 Crores, total comprehensive income of Rs. 8.69 Crores, and net cash inflow of Rs. 15.68 Crores 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 financial performance of two foreign subsidiaries which reflects total assets of Rs. 1.75 Crores as at March 31, 2023, total revenues of Rs. 13.43 Crores, Net profit after tax of Rs. 2.38 Crores, total comprehensive income of Rs. 2.46 Crores, and net cash inflows of Rs. 0.98 Crores for the year ended March 31, 2023, which was audited by the independent auditors in accordance with the regulations of such foreign countries, whose reports has been furnished to us by the management. These financial Statements have been converted by the management as per accounting principles generally accepted in India which has been considered in the consolidated financial statements solely based on such converted financia. statements. 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 Rs. 1.55 Crores, total comprehensive income of Rs. 1.55 Crores, for the year ended March 31, 2023 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, 2023 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, 2023 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 and its subsidiaries 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 subsidiaries incorporated in India to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Note 48 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 48 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 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 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.

(h) 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 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;

(i) 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) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, to the Company, its subsidiaries incorporated in India and its jointly controlled entities, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For S Bhandari & Co LLP
Chartered Accountants
Firm Registration No. 000560C/C400334

(P. D. Baid)
Partner
Membership No: 07[illegible]

Place: New Delhi
Date: May 08, 2023
UDIN:23077625BGXCTG8886

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 053645

Place: New Delhi
Date: May 08, 2023
UDIN: 23053645BGYNGJ4831

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	Holding Company / Subsidiary / Jointly Controlled Entity	Clause number of the CARO report which is qualified or is adverse
1	HFCL Limited	L64200HP1987PLC007466	Holding Company	Clause i(c), iii(c), vii(a) and xi(a)
2	HTL Limited	U93090TN1960PLC004355	Subsidiary	Clause i(c), vii (b), and ix(a)
3.	HFCL Advance Systems Private Limited	U29253HP2015PTC000850	Subsidiary	Clause xvii
4	Polixel Security System Private Limited	U93090DL2016PTC299079	Subsidiary	Clause vii(a) and xvii
5	Raddef Private Limited	U74999KA2017PTC105823	Subsidiary	Clause xvii
6.	DragonWave HFCL India Private Limited	U64200DL2016PTC211117	Subsidiary	Clause ix(e)
7	HFCL Technologies Private Limited	U29309DL2021PTC382794	Subsidiary	Clause xvii
8.	Bigcat Wireless Private Limited	U74900TN2013PTC089742	Jointly Controlled Entity	Clause xvii

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HFCL LIMITED AS ON MARCH 31, 2023

(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, 2023, we have audited the internal financial controls over financial reporting of HFCL LIMITED (hereinafter referred as the "Parent") and its subsidiary companies incorporated in India (herein after referred as the "Group"), including those audited by other auditors as on that date.

Management's Responsibility for Internal Financial Controls
The respective board of the directors of the Parent Company and its subsidiary companies incorporated in India 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 parent company and its subsidiaries 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 obtained by the other auditors of the subsidiary companies 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 parent company and its subsidiaries 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 parent company and its subsidiaries 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, 2023, based on the internal control over financial reporting criteria established by the respective companies of the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies 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

(P. D. Baid)
Partner
Membership No: 036463

Place: New Delhi
Date: May 08, 2023
UDIN: 23072629BGXCCI6886

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: May 08, 2023
UDIN: 23054645BGYNGJ4831

[illegible] Limited
Consolidated Balance Sheet as at March 31, 2023
(All amounts are in Rs. Crores)

Particulars	Note No(s)	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	487.09	[illegible]
(b) Capital Work-in-progress	3	51.36	[illegible]
(c) Right-of-use Assets	4.2	17.12	[illegible]
(d) Goodwill		26.73	[illegible]
(e) Other Intangible Assets (other than Goodwill)	5	17.65	[illegible]
(f) Investments in Associates and Joint Ventures	6	[illegible]	[illegible]
(g) Investments in Associates accounted for using Equity method	7	18.52	[illegible]
(h) Financial Assets			
(i) Investments	8	34.05	[illegible]
(ii) Trade Receivables	13	425.31	[illegible]
(iii) Loans	9	4.20	[illegible]
(iv) Others	10	[illegible]	[illegible]
(i) Deferred Tax Assets (net)	11		[illegible]
(j) Other Non-current Assets	12	30.69	[illegible]
Total Non-Current Assets		1,269.11	[illegible]
Current Assets			
(a) Inventories	14	[illegible]	[illegible]
(b) Financial Assets			
(i) Investments	15	12.28	[illegible]
(ii) Trade Receivables	13	[illegible]	[illegible]
(iii) Cash and Cash Equivalents	16	[illegible]	[illegible]
(iv) Bank Balances other than (iii) above	17	[illegible]	[illegible]
(v) Loans	18	[illegible]	[illegible]
(vi) Others	19	[illegible]	[illegible]
(c) Current Tax Assets (Net)	20	[illegible]	[illegible]
(d) Other Current Assets	21	[illegible]	[illegible]
Total Current Assets		[illegible]	[illegible]
Total Assets		[illegible]	[illegible]
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	22	[illegible]	[illegible]
(b) Other Equity	23	[illegible]	[illegible]
Equity attributable to owners of the Company		[illegible]	[illegible]
Non-Controlling Interest		[illegible]	[illegible]
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	[illegible]	[illegible]
(ii) Lease Liabilities	4.2	[illegible]	[illegible]
(b) Provisions	25	[illegible]	[illegible]
(c) Deferred Tax Liabilities (Net)	11	[illegible]	[illegible]
Total Non-Current Liabilities		[illegible]	[illegible]
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	[illegible]	[illegible]
(ii) Lease Liabilities	4.2	[illegible]	[illegible]
(iii) Trade Payables	26		
(A) Total outstanding dues of Micro enterprises and small enterprises		[illegible]	[illegible]
(B) Total outstanding dues of creditors other than Micro enterprises and small enterprises		[illegible]	[illegible]
(iv) Other Financial Liabilities	27	[illegible]	[illegible]
(b) Other Current Liabilities	28	[illegible]	[illegible]
(c) Provisions	25	[illegible]	[illegible]
(d) Current Tax Liabilities (Net)	20	[illegible]	[illegible]
Total Current Liabilities		[illegible]	[illegible]
Total Liabilities		[illegible]	[illegible]
Total Equity and Liabilities		[illegible]	[illegible]

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

For and on behalf of the Board

For S Bhandari & Co LLP
Chartered Accountants
Firm Reg. No. [illegible]

For Varma Sanzgiri & Company
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
Membership No. [illegible]

Sunil Bhandari
Partner
M.No.: 054845

[illegible]
Director
DIN: [illegible]
Date: [illegible]

Vighnesha Nayak
Managing Director
DIN: 00052848
Place: New York

[illegible]
Chief Financial Officer
PAN: [illegible]

Manoj Bhatt
Senior Vice President - Corporate & Company Secretary
M.No.: [illegible]

Place: New Delhi
Date: 31st May, 2023

IIFCL Limited

Consolidated Statement of Profit and Loss for the year ended March 31 2023

(₹ in crore) (Rs. Crore)

Particulars	Note No(s)	For the year ended March 31, 2023	For the year ended March 31, 2022
I	INCOME		
	Revenue from operations	4,743.31	4,727.17
	Other Income	47.18	47.91
	Total Income (I)	4,790.49	4,775.08
II	EXPENSES		
	Cost of Materials Consumed	901.87	911.54
	Direct Taxes paid	1,015.06	1,128.91
	Purchase of Stock-in-Trade	566.47	1,145.17
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(362.41)	(610.52)
	Employee benefits expense	148.19	132.96
	Finance Costs	1,52.19	766.88
	Depreciation and amortisation expense	82.97	74.25
	Other Expenses	222.53	262.24
	Total Expenses (II)	4,599.79	4,321.69
III	Profit before Share of profit of joint venture, exceptional items and income tax (I-II)	430.70	453.39
IV	Share of profit / (loss) of jointly controlled entities	15.09	2.70
V	Profit before exceptional items and income tax (III+IV)	445.80	456.09
VI	Exceptional items	-	0.70
VII	Profit before tax (V - VI)	445.80	455.39
VIII	Tax expense		
	- Current tax	95.20	111.50
	- Deferred Tax	33.50	1.75
IX	Profit for the year (VII-VIII)	317.31	328.66
X	Other Comprehensive Income (OCI):		
	Items that will not be reclassified to profit or loss		
	(i) Remeasurements of defined benefit plans	(0.56)	-
	(ii) Income tax on above item	0.10	0.62
	(iii) Gain on equity instruments designated through OCI	0.02	2.72
	Items that will be reclassified to profit or loss		
	(i) Income on translation of foreign operations	(1.01)	(0.33)
	Total Other comprehensive income for the year	1.55	3.31
XI	Total comprehensive income for the year (IX + X)	319.26	327.97
XII	Profit attributable to:		
	Owners of the Parent	310.91	323.12
	Non-controlling interest	10.74	2.75
XIII	Total comprehensive income for the year attributable to:		
	Owners of the Parent	302.52	315.87
	Non-controlling interest	16.74	12.71
XIV	Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the year	39	
	- Basic	2.19	2.28
	- Diluted	2.19	2.28

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board

For S Bhandari & Co LLP	For Oswal Sunil & Company	Dr. R N Kastia	Mahendra Ashata
Chartered Accountants	Chartered Accountants	Director	Managing Director
Firm Reg. No. 000560N/N400334	Firm Reg. No. 010650N	DIN: 01055869	DIN: 08452898
		Place : New Delhi	Place : New York
P. D. Baid	Sunil Bhandari	V. R. Jain	Manoj Bajaj
Partner	Partner	Chief Financial Officer	Senior Vice-President (Corporate)
M no. 094695		Place : New Delhi	Place : New Delhi

New Delhi, 8th May, 2023

8th May, 2023

BFC L Limited
Consolidated Statements of Cash Flow for the year ended March 31, 2023
(All amounts are in Rs. Crores)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
I Cash Flow From Operating Activities			
Net Profit before Tax		1,516	412.11
Adjustments for			
Depreciation & Amortization expenses	82.98		78.25
(Gain) Loss on disposal of property, plant and equipment	-		0.0
Financial Guarantee Income	(0.20)		(0.36)
Impairment loss / (gain) [Debts, advances and unreconciled balances written off]	4.20		4.67
Liquidated Damages recovered on Sales	(2.73)		-
Unrealised gain on foreign exchange fluctuation	(10.09)		
Employee Share based payment expenses	-		(8.65)
Share of profit/(loss) of associates	0.06		(0.16)
Dividend and interest income classified as investing cash flows	(14.66)		(15.91)
Finance costs (net)	152.19		165.41
		212.19	223.11
Changes in operating assets and liabilities			
(Increase) /decrease in trade and other receivables	(91.15)		568.60
(Increase)/decrease in Inventories	(184.47)		(198.11)
Increase/(decrease) in Trade payables	132.16		171.03
Increase/(Decrease) in other financial asset	(149.85)		10.51
(Increase)/ Decrease in other financial liabilities	(54.14)		-
(Increase)/Decrease in other non-current assets	(3.39)		(2.65)
(Increase)/Decrease in other current assets	(138.70)		(153.12)
Increase/(Decrease) in provisions	2.12		(2.20)
Increase/(Decrease) in other Non-current liabilities	2.62		(1.79)
Increase/(Decrease) in other current liabilities	(91.25)		(49.15)
		(1,015.78)	(1,010.49)
Cash generated from/(used in) operations		735.91	264.75
Income taxes paid (net)		(98.60)	(58.38)
Net cash inflow from/(used in) operating activities		236.41	206.37
II Cash flows from investing activities			
Payment for acquisition of subsidiaries & other investments		(16.23)	(12.60)
Capital Receipt of Subsidiary on Close Plant		42.58	-
Payments for property, plant and equipment, including CWIP		(169.52)	(145.27)
Payments for Intangible Assets		(11.59)	(3.58)
Proceeds from sale of property, plant and equipment		0.90	0.71
Bank deposits placed/matured (net)		269.50	(252.19)
Payment for Asset Acquisition		7.37	(78.16)
Dividends received			-
Interest received		5.85	6.54
Net cash inflow from/(used in) investing activities		(44.63)	(483.84)
III Cash flows from financing activities			
Proceeds from issue of Convertible Warrant		28.20	-
Proceeds from issues of Share Capital (including security premium)		5.68	669.74
Share issue expenses		-	(10.59)
Proceeds from borrowings		133.29	94.67
(Repayment) of borrowings		(137.79)	(315.75)
(Repayment) of lease liabilities		(9.81)	(8.69)
		26.57	428.39
Add:			
Finance Costs paid		(143.32)	(155.41)
Dividend paid		(134.45)	(170.05)
Net cash inflow from/(used in) financing activities		(141.00)	247.85
IV Net increase/(decrease) in cash and cash equivalents (I+II+III)		(49.22)	(4.62)
V Cash and cash equivalents at the beginning of the financial year		186.69	21.31

IIFCL Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2023
(All amounts are in Rs. Crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022

Notes:

1 The Consolidated Statement of Cash Flow has been prepared under the Indirect method as set out in Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015

2 Figures in brackets indicate cash outflow.

3 Cash and cash equivalents (refer note 11) comprise of the following:

Cash on hand	0.01	0.29
Balances with Banks		
Current accounts*	22.76	17.80
Fixed deposits with Banks	20.90	1.81
Balances per statement of cash flows	43.67	19.90

4 Analysis of movement in borrowings

Borrowings at the beginning of the year	242.80	976.67
Movement due to Cash Transactions per the Consolidated Statement of Cash Flows	5.50	(733.87)
Borrowings at the end of the year	248.30	242.80

* Rs. 0.75 crore (Previous year Rs. 0.41 crore) lying in earmarked a/c.

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

P. D. Rao
Partner
M. No. 025625

For Dewal Sunil & Company
Chartered Accountants
Firm Reg. No. 011520N

Sunil Bhanwala
Partner
M. No.: 054645

New Delhi, 8th May, 2023

For and on behalf of the Board

Dr. R.S.Kapoor
Director
DIN: 00053059
Place : New Delhi

V. K. Jain
Chief Financial Officer
PAN: AALPJ8011A

Place : New Delhi

Mahendra Nahata
Managing Director
DIN: 00052808
Place : New York

Manoj Bhil
Senior Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5634
Place : New Delhi

8th May, 2023

[illegible]

Consolidated Statement of Changes in Equity for the year ended March 31, [illegible]

[illegible]

A. Equity Share Capital

Particulars	Amount
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

B. Other Equity

Particulars	[illegible]	Share based [illegible]	Securities Premium	Capital [illegible] Reserve	[illegible] Reserve	Capital Reserve	Retained Earnings	[illegible]	[illegible]	[illegible]	[illegible]	Non-Controlling Interest	Total Equity
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

1. Corporate information

HFCL Limited ("HFCL" or "the Holding Company") is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex , Chambaghat, Solan, Himachal Pradesh-173213. The Holding Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, HFCL is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optical Fiber and Optic Fiber Cable (OFC).

The Consolidated Financial Statements have been approved by the Board of Directors of the Holding Company at its meeting held on May 8, 2023.

2. Significant accounting policies

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 Consolidated Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

2.2. Basis of Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are deconsolidated from the date that control ceases. The Holding Company and subsidiaries are collectively called "the Group".

The group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions,

balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

ii. *Associates*

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii. ***Joint arrangements***

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

iv. *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group share of the post-acquisition profits or losses of the investee in profit and loss, and the group share of other comprehensive income of the investee in other comprehensive income.

When the group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the 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

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:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
b) Held primarily for the purpose of trading; or
c) Expected to be realised within twelve months after the reporting period other than for (a) above; or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

a) It is expected to be settled in normal operating cycle; or
b) It is held primarily for the purpose of trading; or
c) It is due to be settled within twelve months after the reporting period other than for (a) above, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

2.5. **Fair value measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group categorizes assets and liabilities measured at fair value into one of three levels as follows

- Level 1 Quoted (unadjusted)
  This hierarchy includes financial instruments 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 Group's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

2.6. **Non-current assets held for sale**

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.7. **Property Plant and Equipment**

The Group had elected to continue with the carrying value of all of its Property, Plant and Equipment 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 property, plant and equipment 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 property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment 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 Consolidated Statement of Profit and Loss as incurred

Depreciation of these PPE commences when the assets are ready for their intended use. Property, Plant and Equipment (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 property, plant and equipment are as follows:

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the Group will obtain ownership at the end of the lease term.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Profit and Loss.

2.8. Intangible Assets

a ***Goodwill***

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses

b ***Product Development and Intangible Assets under Development***

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate all the following: -

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell of the asset. The ability to measure reliably the expenditure attributable to the intangible asset during development

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, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity.

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Holding Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

Debt instrument at FVTPL

Any debt instrument, that does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as "accounting mismatch"). The Group has not designated any debt instrument as at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. 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 election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

De-recognition

A financial asset is de-recognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients

Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is 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 recognised to the extent of continuing involvement in the financial asset

Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and loss (P&L).

2.9.2. Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument

Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and loss

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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 non-cash 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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Consolidated Statement of Profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.
- Finished goods and work in progress. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on 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 Group expects to receive in exchange for those products or services.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Group presents revenues net of indirect taxes in its Consolidated Statement of Profit and Loss.

D. The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue

a. Telecom Products segments

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fibre Cable and Telecom Equipments. Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

a. Turnkey Contracts for System Integration and allied Services

This segment of the Group generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

- **Contracts with government**

The Group 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 these. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control at a point in time or over time requires judgment

If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

- **Warranty**

Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and

arrangement entered with respective vendors of equipment's supplied under contract, the Group recognises provisions for this warranty.

- **Financial Components**

The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and considering practical expedient

iii- **Other Revenue :**

- **Interest** income

Interest income on deposits with bankers 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 Consolidated Statement of Profit and loss.

- **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority

2.13. **Leases**

As a lessee

The Group implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Group elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value

Based on the accounting policy applied, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
– the amount of the initial measurement of the lease liability,
– any lease payments made at or before the commencement date, less any lease incentives,
– any initial direct costs incurred by the lessee,
– an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
– fixed payments, less any lease incentives receivable.
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable by the lessee under residual value guarantees;
– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

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 year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the Statement of profit and loss as income or expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

2.15. Employee Benefits

Short term employee benefits:-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other Long-Term employee benefits

The liabilities 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 recognised 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 expensed in the Consolidated Statement of Profit and Loss. The Group has no further obligations under these plans beyond its monthly contributions.

ii. **Defined benefit plans**

Gratuity:
The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Group. The Group provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". The Group makes periodic contributions to the HDFC Standard Life Insurance Group Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

iii. **Actuarial gains and losses are recognized in OCI as and when incurred.**
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Statement of Profit and loss.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above) are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Consolidated Financial Statements represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits
Termination benefits are recognized as an expense in the period in which they are incurred.

2.16. **Employee Share-based payments**
The Group has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Group but consolidated in the Financial Statement. Any loan from the Group to the Trust is accounted for as a loan in accordance with its term.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee benefits expense, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that are vested. For the

option awards, grant date fair value is determined 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 asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.19. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

2.20. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Group are segregated.

2.21. GST Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST credit is shown under the head "Other Current Assets".

2.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. 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 amounts expected to be paid to the tax authorities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statement. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled

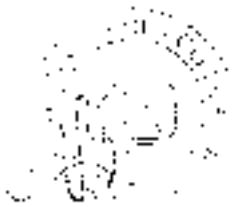
The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.





[illegible]

3 Property, Plant and Equipment

Description	Plant and Machinery	[illegible]	Building [illegible]	[illegible]	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance As at April 1, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Disposals / Adjustments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals / Adjustments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Impairment											
Balance As at April 1, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Disposals / Adjustments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Depreciation for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Disposals / Adjustments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Carrying Value											
Balance As at April 1, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance As at March 31, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Relevant line item in the Balance sheet	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

IIFCL Limited
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in ₹ Crore)

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installations	Furniture & Fixtures	Total
Balance as at April 1, 2021	2.63	8.81	0.59	-	12.03
Additions	5.23	27.23	1.51	0.58	34.55
Deletions / Adjustments	2.4	5.76	1.10	-	1.63
Balance as at March 31, 2022	10.27	27.27	2.24	0.58	44.81
Additions	7.91	55.40	1.42	2.06	65.14
Disposals / Adjustments	17.42	28.01	1.05	0.05	47.13
Balance as at March 31, 2023	0.76	54.66	2.61	2.59	60.62

4.1 Ageing of Capital work-in-progress

Particulars	Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	Total
Projects in progress*					
As at March 31, 2023	60.76	1.12	0.12	-	59.64
As at March 31, 2022	44.62	0.4	-	-	45.46

*There are no projects in progress which are overdue or have exceeded their cost compared to their original plan as at March 31, 2023 and March 31, 2022 respectively.

5 Intangible Assets (Other than Goodwill)

Particulars	Amount
Gross Carrying Value	
Balance as at April 1, 2021	37.47
Additions	27
Deletions / Adjustments	
Balance as at March 31, 2022	64.81
Additions	71.32
Deletions / Adjustments	0.75
Balance as at March 31, 2023	135.38
Accumulated Amortisation	
Balance as at April 1, 2021	19.50
Amortisation for the year	5.93
Deletions / Adjustments	-
Balance as at March 31, 2022	25.43
Amortisation for the year	6.95
Deletions / Adjustments	0.54
Balance as at March 31, 2023	31.84
Net Carrying Value	
Balance as at April 1, 2021	17.97
Balance as at March 31, 2022	39.38
Balance as at March 31, 2023	103.54

6 Intangible assets under development

Particulars	Product Development
Balance as at April 1, 2021	24.20
Additions	27.03
Deletions / Adjustments	14
Balance as at March 31, 2022	37.23
Additions	107.62
Deletions / Adjustments	0.15
Balance as at March 31, 2023	144.65

Note: Deletions / adjustments includes Rs. 0.15 Crore (Rs. 14 Crore) on account of transfer to Intangible assets (Product Development).

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, 2023	107.62	17.29	3.55	4.51	132.97
As at March 31, 2022	27.23	1.29	1.01	7.70	37.23

6.2 Projects whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023

Particular	To be completed in				
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress					
Deferred Cost of Issuance of Products	9.21	19.14	-		28.34
Platform for Development Products		-	9.91		9.91
Total	9.21	19.14	9.91	-	38.26

Projects whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2022

Particular	To be completed in				
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress					
Deferred Cost of Issuance of Products	19.14	-	-		19.14
Platform for Development Products	-	9.91	-	-	9.91
Total	19.14	9.91	-	-	29.05

7 Investments accounted for using equity method

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted investments		
Investment in Equity Instruments		
(a) Pipsmart Private Limited	1,521	11,501
(b) Pipsmart Consultancy Services Private Limited	137	1,136
Total	1,658	12,637

7.1 Investments accounted for using equity method

Particulars	Face value per share	As at March 31, 2024		As at March 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted investments					
Investment in Equity Instruments - Equity Shares					
M/S. M.S. Subramaniam Pvt Ltd (associate - Refer Note B)	10	2,00,000	1,521	2,00,000	11,501
Add: Share of Profit/(Loss) for the year			137		1,136
Equity Shares in Pipsmart Pvt Ltd	10	4,000	2,500	4,000	2,500
Less: Share of Profit/(Loss) - Equity portion in Pipsmart Consultancy Services Pvt Ltd	10	32,000	2,000	(2,000)	2,000
Add: Adjustment on account of fair value at the time of acquisition					
Add: Share of Profit/(Loss) for the year			(1,500)	-	(7,500)
Total investments in associates			1,658		12,637
Aggregate carrying value of unquoted investments			1,658		12,637
Aggregate amount of impairment in value of investments			-		-

(a) Refer Note 41 for fair value measurement disclosures.

7.2 Additional disclosure of Jointly Controlled Entities

Particulars	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Group	
			As at March 31, 2024	As at March 31, 2023
Pipsmart Consultancy Services Private Limited	Manufacturing of IOP and CPAP	India	50.00%	50.00%
Pipsmart Products Private Limited (Refer Note (a) below)	Manufacturing, Distribution and Installation of Solar Energy Systems	India	51.00%	51.00%

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted		
Investments - Others		
(a) Investment in Equity Instruments	24,500	24,500
(b) Investment in Preference Shares	100	100
Total	24,600	24,600

8.1 Detail of Non Current Financial Assets - Other Investments

Particulars	Face value per share/ Debenture	As at March 31, 2024		As at March 31, 2023	
		No. of shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Investments measured at FVTOCI					
(a) Investment in equity instruments - Equity Shares					
Quoted Equity Shares Ltd	10	6,70,225	19,725	6,70,225	19,625
M/s. Coromandel Industries Ltd (Refer Note (i))	10	2,500	-	2,500	
Pipsmart Electricals Corporation Ltd	25	1,000	2,000	1,000	2,000
Pipsmart Technologies Pvt Ltd	10	1,000		10,000	
Shanthi Sales Corporation Pvt Ltd	100	2,000	2,000	2,000	2,000
IIFCL Equity Limited	10	100	-	100	-
Sundaram Finance Ltd	1	2,75,000	17,000	2,75,000	11,000
Total Investments in Equity Instruments measured at FVTOCI			37,725		33,625
(b) Investments in Debt Instruments					
7.5% Debentures Pvt Ltd (Refer Note (ii))	100	1,65,000	1,875	1,65,000	1,875
Total Investments in Debt Instruments measured at FVTOCI			1,875		1,875
Aggregate carrying value of unquoted investments			21,875		21,875
Aggregate amount of impairment in value of investments			-		-

9 Non-Current Financial Assets-Loans

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loans to other parties	9.50	9.50
Loans to related parties (refer note 37)	4.00	4.00
Which have significant increase in credit risk	0.21	0.21
Less: expected credit loss Allowance	(0.21)	(0.21)
Total	13.50	13.50
Movement in the expected loss of Other Loans are as follows:		
Balance at the beginning of the year	0.21	0.21
Add: Provided during the year	-	-
Less: Amount written off	-	-
Balance at the end of the year	0.21	0.21

10 Non-Current Financial Assets - Others

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with Bank (maturity more than 12 months)*	36.23	35.85
Security Deposit	8.06	4.69
Total	44.29	40.54

* Above fixed deposits are held as margin money/securities with banks

11 Deferred tax assets (net)

Deferred income tax reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant components of the Group's net deferred income tax are as follows -

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	Total
As at 1 April, 2021	10.28	(10.95)	7.40	6.71
(Charged)/Credited				
- to Statement of profit and loss	0.11	0.52	(2.40)	(1.76)
- to other comprehensive income	0.02			0.02
As at 31 March, 2022	10.62	(10.65)	5.00	4.97
(Charged)/Credited				
- to Statement of profit and loss	2.02	(33.72)	0.98	(32.39)
- to other comprehensive income	0.11	-	-	0.11
As at 31 March, 2023	13.66	(44.37)	5.98	(25.83)

Note: In the absence of reasonable certainty of future taxable income, no deferred tax assets have been created in the books of such subsidiaries

12 Other Non Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, Considered Good		
Capital Advances others	39.55	17.55
Total	39.55	17.55





13 [illegible]

Particulars	As at March 31, [illegible]	As at March 31, [illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
Work-in-progress	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

Notes:
[illegible]

14 Current Financial Assets - Investments

Particulars	As at March 31, [illegible]	As at March 31, [illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

14.1 Details of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, [illegible]		As at March 31, [illegible]	
		No. of Shares/Units	Amount	No. of Shares/Units	Amount
[illegible]					
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]			[illegible]		[illegible]
[illegible]					
[illegible]					
[illegible]		[illegible]		[illegible]	[illegible]
[illegible]		[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]
[illegible]					
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]
Total [illegible]			[illegible]		[illegible]
Total Current [illegible]			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]

15 [illegible]

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-current	Current	Non-current	Current
Trade Receivables				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]		[illegible]		[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				
[illegible]		[illegible]	-	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]	-	[illegible]	-	-
[illegible]	-	[illegible]		[illegible]

15.1 Ageing analysis of Trade Receivables as at March 31, 2023

Particulars	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]
[illegible]	-	-				[illegible]	[illegible]
Disputed Trade Receivables							
[illegible]		-				[illegible]	[illegible]
[illegible]	-	-	-			-	-
[illegible]	-	-	[illegible]			-	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							[illegible]
[illegible]							[illegible]
Total Trade Receivables							[illegible]

15.2 Ageing analysis of Trade Receivables as at March 31, 2022

Particulars	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]
[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]
Disputed Trade Receivables							
[illegible]		-	-	-	-	[illegible]	[illegible]
[illegible]	-	-	-	-	-		
[illegible]	-	-	-	-	-		
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							[illegible]
[illegible]							[illegible]
Total Trade Receivables							[illegible]

15.3 [illegible]

15.4 [illegible]

16 [illegible]

Particulars	As at March 31, 2023	As at March 31, 2022
Cash & Cash equivalents		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]





[illegible]
Notes forming part of Consolidated Financial Statement for the year ended March 31, 2023
[illegible]

17 [illegible] Financial Assets - Other Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

18 [illegible] Financial Assets - Loans

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

19 [illegible] Financial Assets - Other Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Security Deposits	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Interest Receivable	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

20 [illegible] Tax Assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Assets		
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

21 Other Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
[illegible]	[illegible]	[illegible]
Prepaid Expenses	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

(₹ in crore, or ₹ 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, 2021	5,10,00,00,000	5100.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2022	5,10,00,00,000	5100.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2023	5,10,00,00,000	5100.00	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, 2020	3,28,45,77,154	1284.41		
Add: Shares issued during the year (pursuant to conversion of [illegible])	[illegible]	[illegible]	-	-
Add: Shares issued during the year (pursuant to conversion of Preference Shares) **	[illegible]	[illegible]	-	-
Less: Equity shares held in Trust (Employees under ESOP Scheme)	[illegible]	[illegible]	-	-
As at March 31, 2022	1,53,48,84,221	1534.89	-	-
Add: shares issued during the year (under ESOP Scheme) *	[illegible]	[illegible]		
Add: Equity shares held in Trust during the year (pursuant to ESOP scheme)	[illegible]	[illegible]		
Less: Equity shares held in Trust (Employees under ESOP Scheme)	[illegible]	[illegible]	-	
As at March 31, 2023	3,37,63,76,121	3376.38	-	

* During the previous year, the Holding Company has received allotment of 45,34,30,[illegible] equity shares on 08 June 2022, the Board of Directors of the Company has also approved allotment of 1,74,00,[illegible] equity shares on the date of the Board meeting at premium of ₹[illegible] per equity share under IFCI Employees Stock Option Plan 2017.

** During the previous year, the Holding Company through Qualified Institutions Placement (QIP) allotted 8,21,72,222 equity shares in the eligible Qualified Institutional Buyers (QIB) at a price of Rs. 69.75 per equity share of Re. 1 each at a premium of Rs. 68.75 per share aggregating to approximately Rs. 5,000 Crore. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Funds received via the QIP of equity shares have been utilized for the purpose mentioned in the Prospectus dated 06 June 2022 (Tranche I).

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No of Share	% of Holding	No of Share	% of Holding
SBI Mutual Fund, Trustee	29,13,65,926	8.63	29,13,65,401	18.98
Resilient Commercials and Private Limited	21,08,65,000	16.95	21,08,65,000	13.97

As per Shareholders of the Company, including shareholders who own other depository interests, have declared that the ultimate beneficial interest in the shares they represent as mentioned above.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Aman Nohari	[illegible]	[illegible]	[illegible]	[illegible]	-
Mayank Singhal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SBI Mutual Fund, Trustee	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Resilient Commercials and Private Limited	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Universal Infrastructure Pvt. Ltd.	[illegible]	[illegible]	[illegible]	[illegible]	-
Aman Partners Private Ltd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shanker Singh Bhadauria [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(v) Terms/rights attached to Equity/Preference Shares:

The Holding Company has issued only one class of Equity Shares having a face value of ₹ [illegible] per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company, except in case of interim dividend. 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 amounts, in proportion to their shareholdings.

(vi) Shares reserved for issue under options

Information relating to Employee Stock Option Plan, including details of options issued, exercised and lapsed during the previous financial year and options outstanding at the end of the reporting period is set out in note [illegible].

B. Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Retained Earnings	1,296.52	1,510.63
(ii) Comprehensive Income		
a. Cash flow hedge reserve (FVTOCI equity instruments)	16.76	12.67
b. Foreign currency translation reserve	(2.83)	(0.86)
(iii) Other Reserves		
a. Securities Premium	1,056.88	1,055.88
b. Capital Redemption Reserve	80.98	80.98
c. Employee Share based payment reserve	1.09	0.21
d. Capital reserve on fair value gain on loan	2.22	2.22
(iv) Money received against Convertible Warrants**	28.78	-
Total	2,583.93	2,760.93

* Brief description of Other Reserves:

a. Securities premium reserve is credited by the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b. Capital Redemption reserve is created on the account of Preference Share Capital redeemed of Rs. 80,97,500 (previous year Rs. 80,97,500) 11.40% of Rs. 100 each.

c. Employee share based payment reserve is created as required by Ind AS 102 - Share Based Payments for the Employee Stock Option Scheme (previously known as ESOP Plan Cover the contribution of the Group.

** The Board of Directors and Shareholders of the Holding Company at their meetings held on September 2, 2022 and September 10, 2022 respectively, has approved the issuance of 1,42,85,500 Warrants convertible into Equity Shares at a price of Rs. 70 per warrant (Issue price of Rs. 70 per warrant) to Promoter Group and Non-Promoter Group, Strategic Investors on preferential basis. Subsequently, the Board of Directors at its meeting held on October 14, 2022 has allotted 1,11,60,000 Warrants convertible into Equity Shares to Promoter Group and Non-Promoter Group, Strategic Investors on preferential basis. Each warrant is convertible into 1 Equity Share of the Holding Company within a period of 18 months from the date of allotment of warrants at the option of the warrant holder. 50% of the Warrant Exercise Price shall be payable at the time of allotment of the warrants and balance 50% of the Warrant Exercise Price shall be payable at the time of conversion of warrants into equity shares. The holder of warrants shall not have any voting rights in respect of such warrants held by them in the Holding Company unless and to the extent exercised by the warrant holder.

(i) Retained Earnings

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the reporting period	1,510.63	1,196.21
Add: Net profit for the period	211.17	374.86
Remeasurement of Defined benefit plans		2.56
Add/(Less): Adjustments for		
Other Comprehensive Income for the year	(0.46)	(0.01)
Transfer from Debenture redemption reserve	-	2.81
Transfer on account of share based payment to employees (refer note 51)	0.21	0.21
Dividend paid on Equity shares	(171.80)	(119.54)
Adjustment of dividend for FY 2020-21	0.01	0.10
Net Loss on Sale of Investment	(14.24)	(2.73)
Closing Balance	1,296.52	1,510.63

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve
As at April 1, 2021	12.61	(0.51)
Income during the year	2.07	
Expense during the year	-	(0.35)
As at March 31, 2022	12.67	(0.86)
Income during the year	4.09	-
Expense during the year	-	(1.97)
As at March 31, 2023	16.76	(2.83)

(iii) Other Reserves

Particulars	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Employee Share based payment reserve	Capital Reserve
As at April 1, 2021	467.02	2.81	80.98	13.58	2.22
Income during the year	589.52	-	-	-	-
Expense during the year	(1.66)	(2.81)	-	(13.37)	-
As at March 31, 2022	1,055.88	-	80.98	1.09	2.22
Income during the year	1.00	-	-	-	
Expense during the year	-	-	-	(0.21)	-
As at March 31, 2023	1,056.88		80.98	0.89	2.22

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2021	-
Income during the year	-
Expense during the year	-
As at March 31, 2022	-
Income during the year	28.78
Expense during the year	-
As at March 31, 2023	28.78

(All amounts are in Rs. Crore)

23 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Borrowings		
From Consortium Banks*	164.22	141.91
From Other Banks	5.82	5.07
	169.00	146.98
Less: Current maturities of long term debt - Term loans	(37.51)	(21.18)
Less: Current maturities of long term debt - Vehicle Loans	(1.16)	(1.05)
Total	130.17	121.25

* Net of Rs. 1.04 crore (Previous year Rs 1.51 crore) loan charges

Regarding Holding Company:

a) Term Loan of Rs 100 crore (Previous year Rs 100.94 crore) from the Banks are secured by exclusive charge on all the Office Cum Project Assets at Hyderabad (Qutub) 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 ZMS MN Ventures Private Limited. Repayment of this term loan would be made in 28 (Previous quarterly instalments over a period of 7 years commencing after moratorium period of 12 months after date of commencement of the project.

b) Term Loan of Rs 10.57 crore (Previous year Rs 13.34 crore) from the Bank is secured by exclusive first charge on entire Optical Fibre Cable Project Assets at Hyderabad (Note -2) both present and future, by way of equitable mortgage except first charge in favour of the participating charge in the lenders of Part I. The loan is further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of ZMS MN Ventures Private Limited. Repayment of this term loan would be made in 28 (Previous quarterly instalments over a period of 7 years commencing after moratorium period of 12 months after date of commencement of the project.

c) Working Capital Demand Loan of Rs. Nil (Previous Year Rs 0.30 crore) from Banks are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi-finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties except Hyderabad units of the Company and are also secured by personal guarantee of Managing Director of the Company and further secured by way of corporate guarantee of ZMS MN Ventures Private Limited.

d) Other Vehicle Loans of Rs. 1.82 crore (Previous Year Rs 3.03 crore) from banks and others are secured by way of hypothecation of respective vehicles.

Regarding Subsidiaries Company:
a) Term Loan of Rs. 21.26 crore (previous year Rs. 14.79 crore), from Yes Bank Ltd and Term Loan of Rs. 17.06 crore (Previous year Rs. 36.66 crore) from State Bank of India is secured by way of pari passu charge on all fixed assets (both present and future), 2.5 acre Industrial Land parcel located in Bandra (East), Mumbai on way of registered mortgage, current assets (both present and future) and rent receivables of IHTL - note 2. The loan is further secured by way of Corporate Guarantee of IHCL Limited (Holding Company), personal guarantee of Managing Director of IHCL Limited, Corporate Guarantee of ZMS MN Ventures Private Limited and pledge of 25.50% shareholding of the Holding Company in IHTL Ltd.

Secured Term and other Loans - Repayment schedule and rate of interest

Particulars	Term Loan	Term Loan	Term Loan	Term Loan	Vehicle Loan
Secured					
Rate of Interest	7.65% to 9.00%	9.85%	9.10%	9.50%	7.50% to 10.50%
Outstanding amount	86.67	82.67	4.00	17.00	1.81
Repayment Due					
FY 2023-24	25.00	21.20	12.50	8.50	1.16
FY 2024-25	25.00	20.00	9.50	8.50	0.65
FY 2025-26	14.92	7.28	0.50	-	0.65
FY 2026-27 to 2027-28	21.75		1.50		0.90

21 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provisions for Employee Benefits (refer note no. 40)		
Provision for Gratuity	19.75	16.64
Provision for Leave Encashment	2.15	1.50
Total	21.90	18.14

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings - Loans repayable on demands		
Secured		
(a) from banks - Working Capital *	384.14	342.74
(b) Current maturities of long-term borrowings, (refer note 25)	58.72	45.31
Unsecured		
(a) from banks - Vendors bills discounting	148.36	136.06
(b) from other parties - Inter Corporate Deposit**	71.99	91.68
(c) from Government of India (Refer Note 37 (i))	4.73	6.24
Total	**637.94**	**621.55**

Terms of short term borrowings from banks:

A. Regarding Holding Company:

* a) Working Capital Loans from banks aggregating to Rs 230.76 crore (Previous year: Rs.218.81 crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc and all other current assets of the company 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 M/s MN Ventures Private Limited

b) Working Capital Loans from Banks aggregating to Rs. 75.64 crore (Previous year: Rs 73.37 crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of JPMPLS back bone Project for Network for Spectrum (NFS). 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 M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project for working capital consortium.

B. Regarding Subsidiary Companies:

c) Working capital loan of Rs 49.74 crore (Previous year: Rs 50.06 crore) to HTL Ltd from Banks is secured against pari passu charge on all fixed assets (both present and future), exclusive charge on 2.5 acre Industrial Land parcel located in Guindy, Chennai by way of registered mortgage, 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 M/s MN Ventures Private Limited and pledge of 25.90% shareholding of the Holding Company in HTL Ltd.

C. 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 12% to 13%

26 **Current Financial Liabilities - Trade Payables**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables - Undisputed		
Due to Micro and Small Enterprises	65.03	192.80
Others	812.99	817.32
Total	878.02	1,010.12

Ageing of undisputed trade payables as at March 31, 2023

Particular	Due to Micro and Small Enterprises	Others
Not due	52.01	588.73
Less than 1 year	12.59	189.36
1-2 years	0.38	9.27
2-3 years	0.18	24.16
More than 3 years	0.17	1.87
Total	65.03	813.99

Note: There are no disputed trade payables.

Ageing of undisputed trade payables as at March 31, 2022

Particular	Due to Micro and Small Enterprises	Others
Not due	147.00	578.19
Less than 1 year	44.87	229.05
1-2 years	0.89	4.15
2-3 years	0.04	1.84
More than 3 years	-	4.09
Total	192.80	817.32

Note: There are no disputed trade payables

27 **Other Financial Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Retention Money*	239.79	256.61
Other Financial Liabilities		
Interest accrued but not due	23.74	39.05
Security deposit	4.87	4.15
Creditors for Capital Goods	5.38	19.39
Expenses Payables	71.64	89.02
Other Employees related liabilities	19.50	16.77
Total	368.75	415.71

* retention money are due on completion of erection/contracts final acceptance by the Group

28 **Current Tax Liabilities (Net)**

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax / TDS)	19.52	30.32
Total	19.52	30.32

29 **Other Current Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Liabilities payable	39.91	21.20
Advance from Customers	3.98	47.70
Total	**43.89**	**68.90**

30 **Current Liabilities - Provisions**

Particulars	As at March 31, 2023	As at March 31, 2022
Provisions for Employee Benefits (refer note no. 46)		
-Provision for Gratuity	4.11	3.13
-Provision for Leave Encashment	5.64	4.37
Provisions - Others	2.55	2.66
Total	**12.30**	**10.16**

31 Revenue from operations

Particulars	For the period ended March 31, 2023	For the years ended March 31, 2022
Sale and Services		
- Manufacturing and trading activities	2,371.57	1,935.48
Turnkey project related activities	2,367.23	2,779.50
Other Operating Revenues		
- Scrap sale	4.66	4.12
- Export Incentives	1.87	5.01
Total	4,743.31	4,727.11

Notes:

(i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115.

(ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. Nil (Previous year Rs.Nil) which is expected to be recognised as revenue in the next year.

(iii) **Contract balances**

(a) Changes in Contract assets (Unbilled revenue) are as follows-

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	146.88	20.70
Revenue recognised during the year	209.66	143.47
Invoices raised during the year	(134.42)	(17.29)
Balance at the end of the year	222.12	146.88

(b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	-	30.11
Increase due to invoicing during the year	-	-
Revenue recognised that was included in the unearned and deferred revenue	-	(30.11)
Balance at the end of the year	*	-

* 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.





32 Other Income

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Other non-operating income		
Interest Income	14.72	15.54
Financial guarantee Income	0.30	0.36
Exchange Fluctuation Income (net)	19.14	-
Reversal of Share based payments to employees expenses (refer note 55)	-	8.68
Subsidy under state incentives scheme	5.30	13.20
Liquidated Damages recovereds on Sales (Net)	2.73	-
Others	4.99	5.13
Total	47.18	42.91

33 Cost of Material Consumed

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Opening Stock	199.05	124.78
Add Purchases during the year	1,000.66	1,057.81
	1,199.71	1,272.59
Less Closing Stock	218.84	199.05
Total material consumed	**980.87**	**973.54**

34 Other Direct Costs

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Project and labour service charges	953.25	1,304.42
Consumption of Packing Material	49.62	13.66
Consumption of stores and spare parts	32.07	23.42
Loose Tools written off	1.04	0.51
Total	**1,035.98**	**1,362.01**

35 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Closing Stock		
Finished Goods	80.87	61.03
Stock in Trade- Goods	120.73	75.24
Work in process	227.06	193.93
	434.66	332.25
Opening Stock		
Finished Goods	63.03	57.38
Stock in Trade- Goods	75.24	67.52
Work in process	193.93	126.83
	332.25	251.73
Total	**(102.41)**	**(80.52)**

Notes forming part of Consolidated Financial statement for the year ended March 31, 2023
(All amounts are in Rs. Crores)

36 Employee benefits expenses

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Salaries, Incentives and Bonus	316.46	262.95
Contribution to Provident and other funds	14.74	12.32
Staff welfare expenses	11.49	15.79
Total	342.69	310.56

37 Finance costs

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Bank Loan Interest	45.65	44.96
Other Loan Interest	31.87	8.10
Bank Charges on loan processing fee	69.51	54.82
Interest on Lease liabilities (Refer note 43)	2.91	2.11
	150.19	109.99

38 Other expenses

Particulars	For the period ended March 31, 2023	For the year ended March 31, 2022
Rent	2.15	1.39
Rates and Taxes	9.26	9.21
Auditor's Remuneration		
- Audit Fee	.46	1.53
- In Other Capacity*	0.42	0.12
- Out of pocket expenses	0.15	0.02
Legal and Professional Charges	50.65	56.35
Communication Expenses	3.49	1.55
Travel, Stay and Conveyance Expenses	44.40	37.15
Power and Fuel & Water Charges	10.76	10.17
Repairs and Maintenance	7.50	4.9
Insurance Expenses	1.66	0.61
Selling & Distribution Expenses	66.62	2.61
Bad debts, Loans and Advances written off/Provision for Impairment	0.54	0.56
Provision for doubtful debts, Loans (Refer note 15)	4.56	1.61
Selling Cost - Commission to Directors	0.94	0.50
Expenditure on Social Responsibility	-	5.59
Corporate & Product Development Expenses	4.50	22.51
Exchange (gain)/loss (net)	-	3.05
Corporate Social Responsibility Expenses	7.59	6.01
Miscellaneous Expenditure	24.76	26.01
Total	392.51	367.74

*Including Proportionate fee of Rs. 0.30 crores (31.03.2022 Rs. 0.10 crores) and Rs. 0.12 crores (31.03.2022 Rs. 0.02 crores) being to Associates

39 Earnings per Share (EPS) - In accordance with the Indian Accounting standard (Ind AS 33)

Particulars	For the period ended March 31, 2023	For the Year ended March 31, 2022
Basic & Diluted Earnings per share		
Profit for the year	313.21	329.86
Profit attributable to equity shareholders (A)	313.21	311.12
Weighted average number of equity shares (B)	1,37,91,62,051	1,31,40,71,613
Face value per equity share	-	(1,21,150)
Weighted average number of equity shares (C)	1,37,91,62,051	1,31,39,92,713
Nominal value of Ordinary shares	Rs. 10	Rs. 10
Earnings per share basic (A/B)	2.18	2.35
Earnings per share diluted (A/C)	2.18	2.35

[illegible]
Notes forming part of the consolidated financial statements for the year ended March 31, 2021
(₹ in lakhs, unless otherwise stated)

[illegible]

[illegible]

[illegible]

[illegible]

	As at March 31, 2021	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

Name of the Subsidiary / Associate / Joint Venture	Percentage of Holding	Reason why not consolidated
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

Name of the Entity	Net assets, i.e. total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount (Rs. in crore)	As % of Consolidated Profit or Loss	Amount (Rs. in crore)
Parent / Holding Company				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidiaries - Indian				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidiaries - Foreign				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Associates (Investment as per the equity method) - Indian				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Controlling interests in all subsidiaries	[illegible]	[illegible]	[illegible]	[illegible]

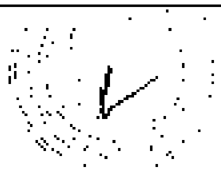
[illegible]

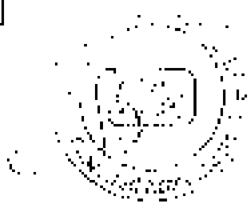
Summarised Balance Sheet	As at 31st March 2021
Current assets	
[illegible]	[illegible]
[illegible]	[illegible]
Total Current Assets	[illegible]
Non-Current Assets	
[illegible]	[illegible]
[illegible]	[illegible]
Total Non-Current Assets	[illegible]
Current Liabilities	
[illegible]	[illegible]
[illegible]	[illegible]
Total Current Liabilities	[illegible]
Non-Current Liabilities	
[illegible]	[illegible]
[illegible]	[illegible]
Total Non-Current Liabilities	[illegible]
Net Assets	[illegible]

Summarised Statement of Profit & Loss	1st April 2020 to 31st March 2021
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

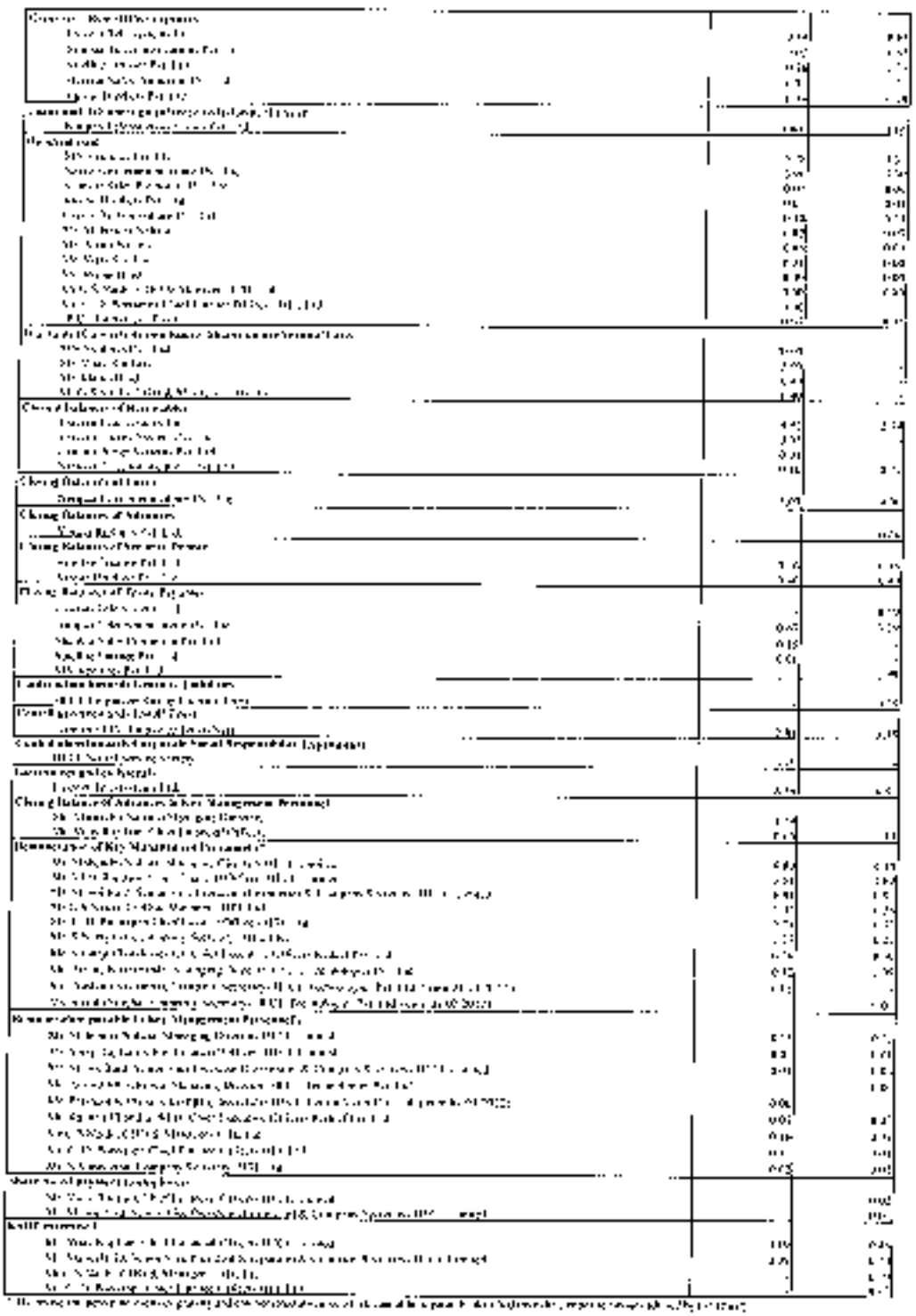








[illegible]



[illegible]

[illegible]

[illegible]

Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
	INR (in crores)	INR (in crores)	INR (in crores)	INR (in crores)
Income per share for the year				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(f) Tax Reconciliation

Particulars	FY [illegible]	FY [illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

(g) [illegible]

(h) [illegible]

For S. Bhandari & Co. LLP
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M.No. [illegible]

For Deepak Gupta & Company
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M.No. [illegible]

[illegible]
Director
DIN: [illegible]

[illegible]
Director
DIN: [illegible]

[illegible]
Company Secretary
PAN: [illegible]

Nikunj Jain
Chief Financial Officer
PAN: [illegible]

New Delhi, 9th May, 2023

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

_____

Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 22, 2025
Place: New Delhi

DECLARATION

We, the Board of Directors of the Company certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

_____

Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 22, 2025
Place: New Delhi

I am authorized by the Fund Raising Committee of the Board of Directors of our Company, vide resolution dated December 22, 2025, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

_____

Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 22, 2025
Place: New Delhi

HFCL LIMITED

Registered Office
8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India
Website: www.hfcl.com
Telephone: +91-1792-230644**; E-mail:** secretarial@hfcl.com
CIN: L64200HP1987PLC007466

Corporate Office
8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India

Company Secretary and Compliance Officer: Mr. Manoj Baid
HFCL Limited, 8, Commercial Complex, Masjid Moth,
Greater Kailash-II, New Delhi-110048
Telephone: +91 11 35209530
E-mail: manoj.baid@hfcl.com

BOOK RUNNING LEAD MANAGER

Monarch Networth Capital Limited
4th Floor, B Wing, Laxmi
Towers, G Block,
Bandra Kurla Complex, Bandra
East, Mumbai - 400051

STATUTORY AUDITORS OF OUR COMPANY

S Bhandari & Co LLP, Chartered Accountants
P-7, Tilak Marg, C-Scheme Jaipur – 302005
Telephone: +91 141 2385412, 2385003, 2385329
E-mail: auditors@sbhandari.in

Oswal Sunil & Company, Chartered Accountants
71, Daryaganj, New Delhi – 110002
Telephone: +91 11 23251582, 23262902
E-mail: oswalsunil.co@gmail.com

MONITORING AGENCY

CARE Ratings Limited
Godrej Coliseum, 4th Floor
Somaiya Hospital Road
Off Eastern Express Highway
Sion (East), Mumbai- 400 022
Maharashtra, India

INDIAN LEGAL COUNSEL TO THE COMPANY

Khaitan & Co
One World Centre
10th and 13th Floor, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013

INDIAN LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER

AZB & Partners
AZB House
Plot No. A8, Sector-4
Noida 201 301

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Hogan Lovells (Middle East) LLP
19th Floor, Al Fattan Currency Tower
Dubai International Financial Centre
PO Box 506602
Dubai, UAE

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

(Note: The format of the Application Form included herein below is for reference, indicative and for the purposes of compliance with applicable law only, and no Bids in this Issue should have been made through the sample Application Form. The Company, in consultation with the Book Running Lead Manager, shall identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should have been made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.)

(*Incorporated in the Republic of India under the provisions of the Companies Act, 1956*) **Registered Office**: 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India **Corporate Office**: 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India **Telephone:** +91-1792-230644 | **E-mail:** secretarial@hfcl.com | **Website:** www.hfcl.com **CIN:** L64200HP1987PLC007466	**APPLICATION FORM** Name of Bidder: _____ Form No: _____ Date: _____

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 1 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO APPROXIMATELY ₹ [●] CRORES UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 AND SECTION 62 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY HFCL LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 65.84 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) are not permitted to participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where such offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the accompanying preliminary placement document dated December 22, 2025(the "PPD").

ELIGIBLE NON-RESIDENT QIBs CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH THE FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE AS PRESCRIBED UNDER FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
HFCL LIMITED
8, Electronics Complex, Chambaghat
Solan – 173213, Himachal Pradesh, India

Dear Sirs,

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others _____ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "*Application Form*" under Issue Procedure section of the PPD.
** Sponsor and Manager should be Indian owned and controlled.*
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity

Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with Monarch Networth Capital Limited (the "**BRLM**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We agree and consent that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Himachal Pradesh at Chandigarh (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLM, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the confirmation of allocation note ("**CAN**"), when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the BRLM, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLM. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" (as defined in, and in reliance on Regulation S) complying with Rule 903 or Rule 904 of Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.**

BIDDER DETAILS (in Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
MOBILE NO.			
TELEPHONE NO.		**FAX.**	
EMAIL			
FOR ELIGIBLE FPIs**	**Registration Number:**	**For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs**	**Registration Number:**

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.*

***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLM will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 3.00 P.M. (IST), [●], 2025, [●]	
Name of the Account	HFCL Limited – QIP Escrow Account
Name of the Bank	State Bank of India
Legal Entity Identifier Code	**335800SR486KOF2LVK69**
Address of the Branch of the Bank	3rd Floor, Capital Market Branch, Mumbai Main Branch Building, Mumbai Samachar Marg, Fort, Mumbai - 400023
Account Type	Escrow Account
Account Number	44748144616
IFSC	SBIN0011777
Tel No.	022-2271 9109/ 2271 9115/ 114/ 113/ 112
E-mail	Nib.11777@sbi.co.in

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "*HFCL Limited – QIP Escrow Account*". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS																									
Depository Name (Please ✓)	National Security Depository Limited										Central Depository Services (India) Limited														
Depository Participant Name																									
DP – ID	I	N																							
Beneficiary Account Number											(16 digit beneficiary account. No. to be mentioned above)														
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**																									

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLM shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**PRICEPER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)	(In words)		

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorised Signatory (may be signed either physically or digitally)**	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of Power of Attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLM.

(3) The duly filed Application Form along with all enclosures shall be submitted to the Book Running Lead Manager either through electronic form at the email mentioned in the PPD or through physical deliver at the address mentioned in PPD.

This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.