



POWERING THE CONNECTED FUTURE

HFCL Limited
Annual Report 2025-26

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FY26 Highlights

Financial

₹4,949.27 crore + 21.77% Revenue from Operations	₹826.75 crore + 63.15% EBITDA	₹329.44 crore + 90.14% Profit After Tax	₹2.13 + 73.17% Earnings Per Share (EPS)
11.04% + 43.64% RoCE	0.35 Debt-Equity Ratio	₹21,206 crore + 112.76% Order Book	

Non-Financial

229 Research & Development strength	748 New employees hired	881 Training conducted	Zero Safety-related incidents
12% Reduction in water intensity	~95% Waste recovery rate achieved	~73% Reduction in waste sent to landfill	17% Input materials sourced directly from MSMEs/Small vendors
1.15 lakh+ CSR beneficiaries			

Credit Rating

CARE A/Positive
Long-term

CARE A1 (A ONE)
Short-term

ESG Ratings & Performance

CFC Finlease (October 2025)
Score: 73 (Good)

SES (March 2026)
Score: 70.7 (Strong)

NSE Sustainability (April 2026)
Score: 70 (Aspiring)

ESG Risks (March 2026)
Score: 70 (Strong)

EcoVadis (January 2026)
Score: 65 (Strong)
Achievement: HFCL has been awarded bronze medal

CRISIL ESG (September 2025)
55 (Adequate)

S&P Global CSA (January 2026)
Score: 50 (Average)

CDP (January 2026)
Score: C Awareness

POWERING THE CONNECTED FUTURE

In an increasingly digital world, connectivity has become the foundation of economic progress, technological innovation and national resilience. From enabling seamless communication and powering data-intensive applications to supporting critical infrastructure, robust digital networks are transforming the way businesses, communities and nations operate and grow.

At the heart of this transformation lies optical fiber, the backbone of modern communication networks. As the rapid adoption of artificial intelligence, cloud computing and data centres accelerates demand for high-capacity, low-latency connectivity, the need for scalable and future-ready digital infrastructure has never been greater.

The strategic importance of connectivity extends far beyond the commercial realm. Secure, resilient and mission-critical communication networks play a vital role in safeguarding national interests by enabling real-time information sharing, enhanced situational awareness and seamless coordination across defence forces. In an increasingly complex security environment, trusted communication infrastructure is as essential as physical capabilities.





HFCL is strategically positioned to power the connected future by addressing the growing demand for resilient connectivity, intelligent infrastructure and secure communication networks. Through its portfolio of optical fiber products, telecom equipment, communication networks and defence technologies, the Company is enabling digital transformation while strengthening national security. HFCL's solutions support telecom operators, enterprises, governments and defence organisations, delivering reliable connectivity across some of the most demanding environments.

Backed by strong R&D capabilities, technology leadership and a growing global footprint, HFCL continues to build the infrastructure that powers modern economies and secures critical communications. As the world moves towards an increasingly connected and intelligent future, HFCL remains committed to creating the networks that enable progress, protect nations and connect possibilities.

Powering Connectivity through



MANUFACTURING THE FUTURE

[Read more on page 10](#)



OWNING THE ORIGIN

[Read more on page 12](#)



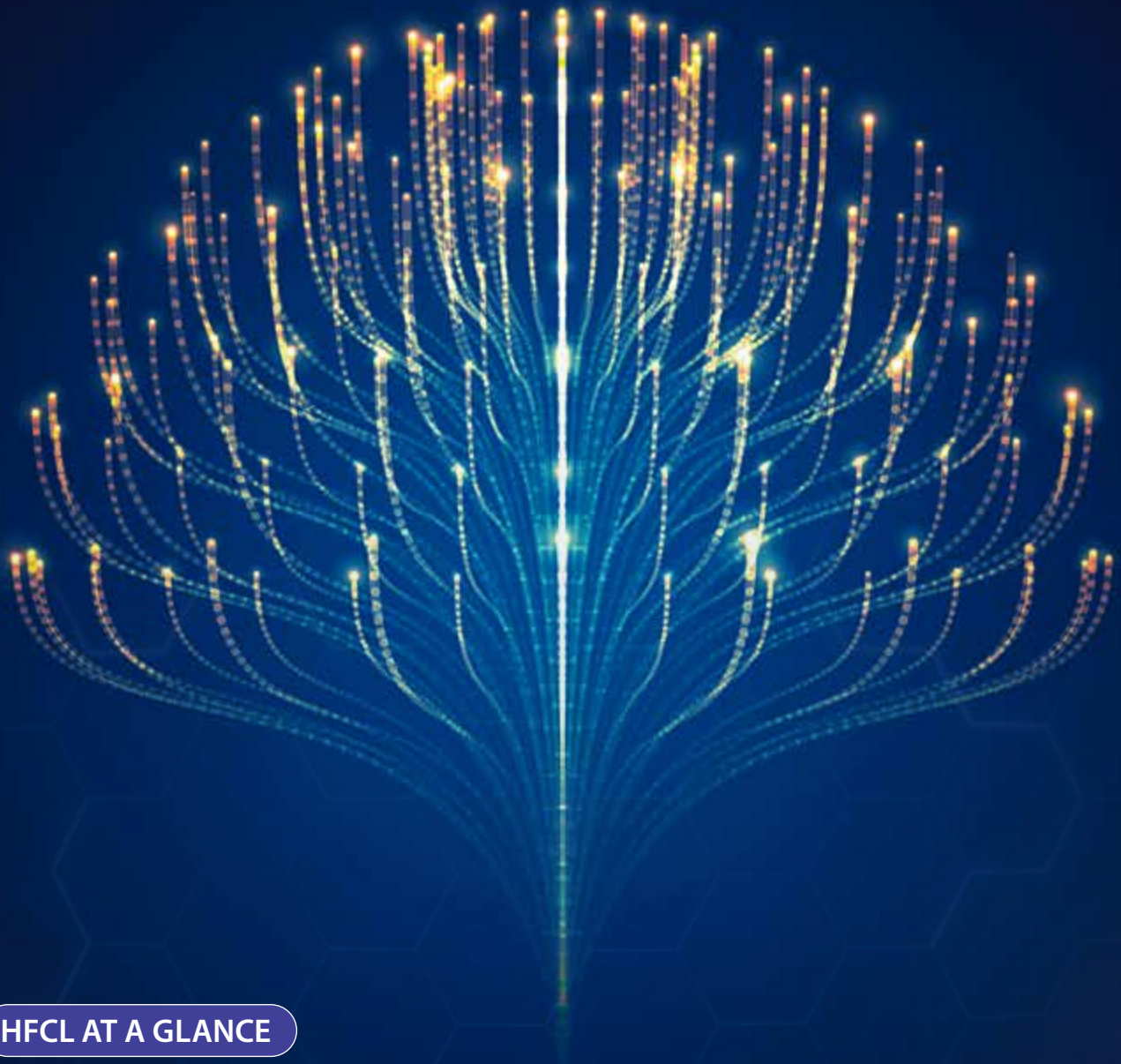
WIRED TO DEFEND

[Read more on page 14](#)



REDEFINING THE MIX

[Read more on page 16](#)



HFCL AT A GLANCE

Connecting Progress, Defending the Future

HFCL is creating technologies to address emerging challenges across telecommunications, digital infrastructure and defence sectors. The growth engines — Optical Fiber Cable (OFC), Defence Equipment, Telecom and Networking Equipment, and System Integration — are powering a stronger, more diversified and resilient growth platform.



The Growth Engines



OFC and Connectivity Solutions

HFCL delivers indigenously developed optical fibers, optical fiber cables and connectivity solutions that enable high-speed, reliable and future-ready networks. Backed by advanced technology, strong R&D and expert engineering, its portfolio supports the demands of 5G, cloud computing, AI and the transition to 6G technologies.

[Read more on page 20](#)



Defence Equipment

Offers advanced defence electronics and mission-critical solutions, including electronic fuzes, thermal weapon sights, surveillance radars, tactical cables, integrated wire harnesses and high-capacity radio relay systems. These products enhance situational awareness, precision and secure communications across critical defence applications.

[Read more on page 20](#)



Telecom Equipment

HFCL delivers carrier-grade IP routing solutions, backhaul radios, wi-fi systems powered by indigenously designed architecture and owned intellectual property. Equipped with advanced technologies, these solutions simplify network management, enhance security, automate operations and enable service providers to scale their networks.

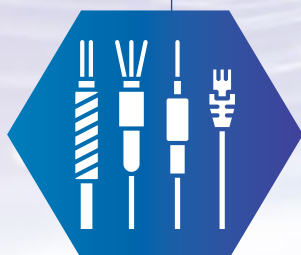
[Read more on page 19](#)



System Integration

HFCL enables telecom service providers, armed forces to build high-performance, reliable and secure networks through scalable, future-ready solutions. Its end-to-end portfolio helps expand coverage, increase capacity, accelerate network rollouts and deliver seamless high-speed connectivity.

[Read more on page 21](#)



Wire Harness Portfolio

HFCL offers specialised wire harness and cable assembly solutions tailored for mission-critical applications in the aerospace, defence and automotive sectors. Backed by strong engineering capabilities, the Company provides end-to-end support spanning manufacturing, delivery and installation services.

[Read more on page 20](#)

What Sets HFCL Apart

Trusted Industry Leader

HFCL has built a strong market position through its focus on high-value, technology-driven solutions across telecom, defence, and digital infrastructure. The Company continues to strengthen its leadership in optical fiber and communication products, support domestic digital infrastructure initiatives, expand its defence capabilities to address emerging global opportunities, and drive innovation through indigenously developed technologies and integrated network solutions.



End-to-end Solutions Provider

HFCL offers fully integrated capabilities across the entire value chain, from design and development to manufacturing and deployment. The Company drives product innovation, delivers customised solutions and executes turnkey projects across telecom networks and mission-critical defence communication systems.

Advanced Manufacturing Capabilities



Hyderabad, Telangana

Optic Fiber, Optical Fiber Cables, FTTH Cables



Verna, Goa

Optical Fiber Cables



Hosur, Tamil Nadu

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



Chennai, Tamil Nadu

(Through Subsidiary HTL Ltd.)

Optical Fiber Cables, FTTH Cables,
Data Centre Connectivity solutions



Hosur, Tamil Nadu

(Through Subsidiary HTL Ltd.)

Aramid Reinforced Plastic (ARP)
Rods, Fiber Reinforced Plastic
(FRP) Rods, Impregnated Glass
Fiber Reinforcement (IGFR)
as backward integration for
Optical Fiber Cables, Customised
Cable Assemblies for Aerospace
and Defence, Specialised
Automotive Harnesses

Enhancing Backward Integration

Strengthening backward integration by expanding optical fiber manufacturing capacity, reducing dependence on external suppliers, enhancing quality assurance across production, improving operational efficiencies and supporting stronger, sustainable profit margins.

28 mn fkm
Annual capacity for OF

39 mn fkm
Annual capacity for OFC

9,93,600 ckm
Annual capacity for FTTH Cables

14 lakh
Wire Harness Portfolio:
Specialised Cable assemblies
for Aerospace, Defence and
Automotive sectors/Annum

2,700 mt
Annual capacity for
Impregnated Glass Fiber
Reinforcement (IGFR)

6,76,800 km
Annual capacity for Aramid
Reinforced Plastic (ARP) Rods

6,24,000 km
Annual capacity for Fiber
Reinforced Plastic (FRP) Rods

1 lakh
Aerospace and Defence
Cable Assemblies/Annum

10,000 units
Annual capacity for Thermal
Weapon Sights

1,50,000 units
Annual capacity for
Electronic Fuze

~1,000 units
Annual capacity for
High-Capacity Radio Relay

~1,000 units
Annual capacity for
Surveillance Radars

In-house R&D Excellence

Strong in-house R&D capabilities drive HFCL into product innovation, enabling differentiated, future-ready solutions that strengthen its transition into a technology-led enterprise. Ongoing R&D efforts enhance the value-added product portfolio, support margin expansion and improve working capital efficiency.

229

Strength of
in-house R&D team

3

Dedicated
R&D centres



Dual-Engine Defence Scale

A strong export order book of ₹1,890 crore through proposed acquisition, enables HFCL to scale on a global level, while transitioning to serial domestic production creates powerful operating leverage. This high-margin, dual-engine defence model significantly reduces risk, accelerates margin expansion and gives an edge over competitors in both domestic and export markets.

Diversified Order Pipeline

A strong and diversified order book of ₹26,665 crore as on June 30, 2026 secures multi-year revenue predictability across OFC, telecom, defence and connectivity solutions. This balanced order book across multiple sectors strengthens business resilience, reduces dependence on any single market segment and creates a scalable platform for future growth.

Resilient Revenue Mix

A product-led, export-oriented and private-sector-focused revenue mix strengthens earnings quality and business resilience. With products contributing ~62% of revenues, exports accounting for ~41% and private customers contributing ~84%, HFCL benefits from stronger margins, lower working-capital intensity and a diversified growth profile driven by global demand and private enterprise customers.





BUILDING FOR THE FLOOR, NOT THE PEAK

The rapid adoption of AI and data-intensive technologies is driving significant growth in global data centre investments, creating sustained demand for high-capacity connectivity infrastructure.

HFCL views this as a long-term structural opportunity and is strengthening its manufacturing capabilities to support the evolving requirements of digital networks worldwide. Through targeted capacity expansion, the Company is enhancing supply chain resilience, improving operational efficiency and building a scalable platform for future growth. Planned expansions include increasing annual optical fiber capacity to 38.50 million fkm, expanding optical fiber cable capacity to 56.36 million fkm and establishing a dedicated defence manufacturing facility in Andhra Pradesh. These investments are expected to position HFCL strongly to address rising demand across telecom, data centre, broadband and defence sectors while driving sustainable growth and profitability over the long-term.

38.50 million fkm
Manufacturing capacity of
Optical Fiber after expansion

56.36 million fkm
Manufacturing capacity of Optical
Fiber Cable after expansion





OWNING THE RAW MATERIAL FUTURE

Securing reliable access to critical raw materials is essential for sustaining competitiveness and long-term growth. As a vertically integrated manufacturer, HFCL benefits from greater control over its value chain, enabling improved cost efficiency, enhanced supply security and reduced exposure to external market disruptions.

Recognising the structural increase in preform costs and the importance of supply chain resilience, the Company is establishing a greenfield preform manufacturing facility with a capacity of 310 MT per annum. This strategic investment will strengthen backward integration, reduce dependence on imported inputs and enhance control over a critical raw material used in optical fiber production. By building in-house preform manufacturing capabilities, HFCL aims to mitigate supply chain risks, improve operational flexibility and capture greater value across the value chain. The initiative reinforces the Company's commitment to self-reliance, margin resilience and sustainable long-term growth.

310 MT/annum

Setting-up greenfield preform
manufacturing facility



FROM LAND TO SKY

HFCL's journey has been defined by its ability to continuously evolve with changing market dynamics. While building a strong foundation in telecommunications, the Company has successfully diversified into defence electronics, extending its technology capabilities to serve the defence and aerospace sectors. As global defence modernisation accelerates and geopolitical developments reshape procurement priorities, HFCL is strategically positioned to capitalise on a broader spectrum of high-value opportunities across the defence ecosystem.

The Company is bolstering its defence capabilities with steady investments in manufacturing, innovation and strategic partnerships. A 1,000-acre defence manufacturing facility in Andhra Pradesh is being developed with a dedicated R&D team of professionals.

As it aims for the sky, HFCL has already signed definitive agreements to acquire an aerospace business, marking its entry into a high-entry-barrier segment. It will bring seasoned manufacturing capabilities, customer relationships, regulatory approvals and an export-oriented order book of ₹1,890 crore, driving immediate revenue and building a strong platform for overseas growth.

HFCL entered the next phase of growth during the year under review by taking off from terrestrial connectivity and flying into mission-critical defence and aerospace technologies.

1,000 acre

Land for defence manufacturing facility
in Andhra Pradesh





GROWTH, HELD TO A DISCIPLINE

Sustainable growth is not only about scale but also quality.

This underlying belief drives HFCL to pivot to businesses that deliver higher margins, stronger resilience and superior returns. A disciplined approach to portfolio optimisation, customer diversification and global expansion reinforces the quality of revenue base for the Company.

The business blueprint is woven around a decisive shift from project-led execution to a product-led business model. Product revenue is expected to increase from 62% in FY26 to over 85% in FY27, reinforcing the Company's focus on value creation over volume.

The Company is also changing its customer mix by stepping up focus on higher-margin private sector clients that helped raise its private sector revenue to 84%. HFCL is also expanding its global footprint with continued acceptance of its products among hyperscalers, data centres and telecom customers. Exports contributed around 41% of its FY26 revenue, with the Company targeting more than 50% of revenue from exports by FY27.

HFCL maintains its growth by focusing on key customers and global markets, supported by consistent profitability and resilience.

50%

Expected revenue from exports
in FY27

85%

Expected revenue from products
in FY27

OFFERINGS

Broader Portfolio, Greater Reach

HFCL diversified its product portfolio to address the evolving needs of a wide range of customers across sectors. Its commitment to delivering high-quality, next-generation and indigenously developed products has strengthened its market position and gave it a distinct competitive edge. Supported by a disciplined approach to innovation and execution, it has expanded the market share while building a robust order book during the year.



Telecom products

Product Portfolio

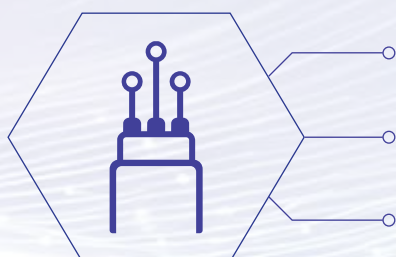


Telecom

Networking Products

HFCL's advanced networking solutions deliver secure, high-performance and scalable connectivity, enabling reliable, future-ready networks that support evolving digital and cloud-driven communication needs.

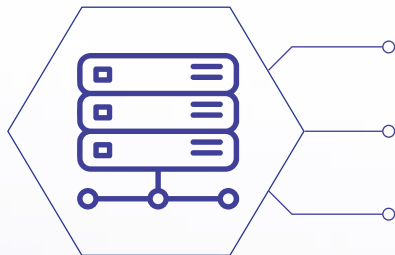
Product Category	Key Offerings
Wireless Access	Indoor & Outdoor Wi-Fi 6 and 7 Access Points
Backhaul	Point-to-Point and Point-to-Multipoint Unlicensed Band Backhaul Radio (UBR)
Routing and Switching	IP/MPLS Routers, Ethernet L2/L3 Switches
5G Enablement	Indoor & Outdoor FWA CPE
Network Management	AI-driven Cloud native Network Management System (IO Canvas)
Element Management & Network Management	Cloud native agentic AI Element Management and Network Management System for IP/ MPLS Router



Optical Fiber & Cable Products

OF and OFC portfolio delivers high-performance, reliable and scalable connectivity. Supported by advanced manufacturing and continuous innovation, the Company enables next-generation telecom and digital infrastructure.

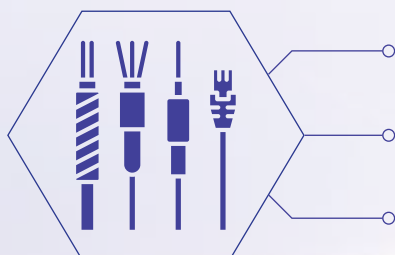
Product Category	Key Offerings
Optical Fiber	EKA fiber, HFCL G657 A2, HFCL G657 A1, HFCL G657 A2 200, HFCL G657 A1200, HFCL G652 D
Optical Fiber Cables	IBR Micro Cable, IBR Indoor/Outdoor Cable, MPO Cable, FTTH Cable, Armoured/Unarmoured Cable, Micro Cable, Ribbon Cable, Micro Module Cable



Connectivity Solution Products

The Company offers a comprehensive portfolio of high-quality connectivity solution products designed to enable seamless network integration, enhance reliability and deliver high-speed performance.

Product Category	Key Offerings
Assemblies and Enclosures	Cable Assemblies, Fiber Termination Box, Joint Closures
Distribution Hardware	High-Density Cabinets, PLC Splitters
Accessories	Aerial/FTTH Accessories
Data Centre	MPO/MTP Assemblies, MMC Assemblies, LIU, Cable Managers, Cassettes, Chassis, Cabinets, LC Pigtails, HD & UHD Fiber patch panels and Fiber Pathway Systems (FPS)



Wire Harness Portfolio

HFCL also provides specialised cable assemblies engineered for high-reliability applications across the aerospace, defence and automotive sectors.

Product Category	Key Offerings
Aerospace and Defence	Customised Cable Assemblies
Automotive	Specialised Automotive Harnesses



Defence Products

HFCL is strengthening its position in the defence and aerospace value chain through higher value-added offerings, supported by global demand and domestic defence contracts.

Product Category	Key Offerings
Military Armament and Ammunition	Electronic Fuze, Artillery Shells, Multi-mode Hand Grenade (MMHG), Precision Guided Munitions, Warheads for Drones
Electronic Warfare (EW) and Tactical Communication System	High-capacity Radio Relay (HCRR), Compact Trans-horizon Communication System (CTCS), Ground Surveillance Radar (GSR), Coastal Surveillance Radar (CSR), Drone detection Radar, Foliage Penetration Radars, Muzzle Velocity Radars, Counter - Un Manned Aerial Systems, RF Jammer, Optic Fiber Spool for Drones, Tactical Cables
Electro Optics	Thermal Weapon Sights (TWS), Thermal Imaging Core (TI Core) & Drone Camera
Aerospace	Aerospace Solutions (Through proposed business being acquired)



System Integration

Strategically repositioning from a volume-driven EPC model to profitable, cash-efficient growth. HFCL delivers end-to-end EPC and system integration solutions across telecom and defence networks, with single-point shop from design to lifecycle operations.

Public Telecommunication

Established telecom integrator with proven expertise in executing large-scale telecom infrastructure project, including BharatNet projects, OTN, rural GSM, FTTH rollouts, in-building solutions, mobile backhaul, nationwide optical networks and advanced Wi-Fi deployments.

Key Offerings

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

Defence Communication

A dedicated nationwide MPLS network delivering end-to-end connectivity through hybrid microwave broadband links for remote locations, supported by an exclusive DWDM optical backbone and a GSM-based fiber monitoring and management system.

Key Offerings

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

GEOGRAPHICAL PRESENCE

Made in India, Trusted Worldwide

HFCL supplies advanced optical connectivity solutions across multiple countries. With a widening export footprint across more than 60 countries, the Company is well positioned to capitalise on the rising global demand. As worldwide capacity constraints unfold opportunities for Indian manufacturers, the Company expands its international reach, enhancing the competitive edge and driving profitable growth.



60+

Countries of presence

80+

Marquee customers

₹2,047 crore

Share of export revenue

Global Momentum

With over 70% of cable production shipped abroad and export revenues rising to 41% in FY26 from 12% a year ago, the Company is diversifying its geographic outreach and broadening its customer base. Strategic initiatives, including backward integration, capacity enhancement, defence expansion and global market penetration, is enhancing competitiveness, supporting margin expansion and driving long-term growth.

Partnering with Industry Leaders

The growth is driven by a strong client base and trusted partnerships with market leaders in India and outside.

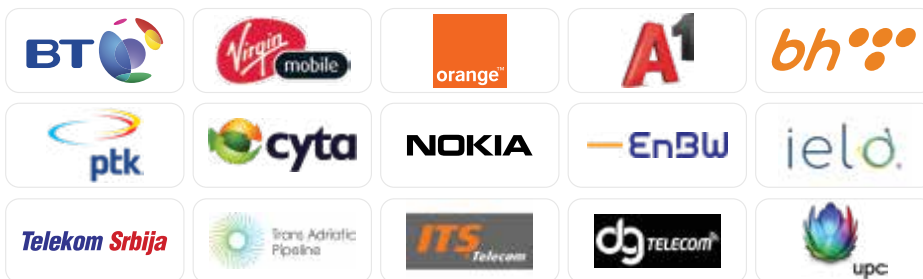
India



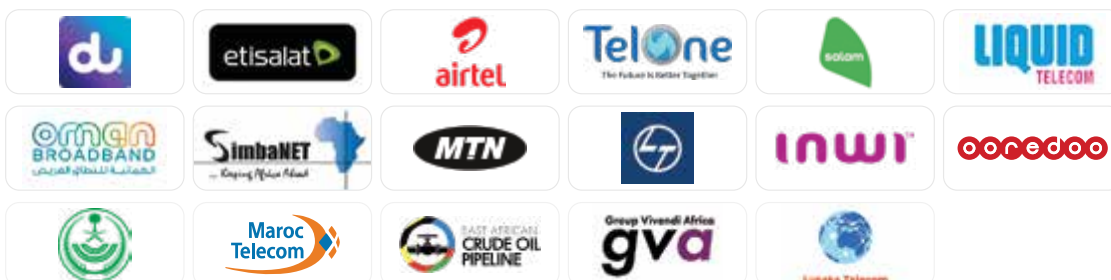
South East Asia and Asia-Pacific



UK & Europe



Middle East & Africa



MANAGING DIRECTOR'S MESSAGE

Entering a New Phase of Growth

Dear Shareholders,

FY26 was a landmark year for HFCL. It marked not only a year of strong financial performance, but also an important milestone in establishing HFCL as a technology-driven, product-focused and globally competitive enterprise.

Over the last few years, we have strategically positioned HFCL by investing in innovation, expanding manufacturing capacities, strengthening our product portfolio, diversifying our customer base and building new growth engines. During FY26, these strategic initiatives translated into tangible business outcomes, reinforcing our confidence in the Company's long-term trajectory.

Navigating a Favourable Growth Landscape

The global economy remained resilient during FY26 despite geopolitical tensions and trade-related uncertainties. At the same time, accelerating investments in artificial intelligence, cloud computing, hyperscale data centres, 5G networks, broadband connectivity and digital infrastructure continued to create structural opportunities for technology and connectivity companies. Simultaneously, rising geopolitical uncertainties are driving increased investments in defence modernisation and indigenous manufacturing.

India continued to remain among the world's fastest growing major economies, supported by strong domestic demand, sustained public capital expenditure, rapid digital adoption, and policy initiatives such as BharatNet, PM-WANI, Production-Linked Incentive programmes and Atmanirbhar Bharat. These factors continue to create significant opportunities across telecommunications, connectivity, electronics manufacturing and defence technologies.

HFCL is strategically aligned with these megatrends and is investing ahead of the curve to capture the opportunities arising from them.





Delivering Growth with Quality

FY26 witnessed one of the strongest performances in HFCL's history, reflecting both the scale and quality of growth achieved during the year.

Revenue from operations increased to ₹4,949.27 crore, while EBITDA grew by 63.2% to ₹826.75 crore, resulting in a significant expansion in EBITDA margin to 16.70% from 12.47% in FY25. Profit after tax increased by 90.1% to ₹329.44 crore, while PAT margin improved to 6.66% from 4.26% in the previous year. These results reflect the growing strength of our product-led business model, improved operating leverage and disciplined execution.

Over the past several years, we have consciously repositioned our business towards products, exports and private sector customers. Products contributed approximately 62% of revenue in FY26, compared with 27% in FY21, strengthening the scalability, resilience and profitability of the business.

Our export strategy is gaining strong momentum. Export revenues accounted for approximately 41% of consolidated revenue in FY26, compared with around 12% in FY25, driven by increasing global acceptance of our products and deeper engagement with leading international customers. Building on this momentum, we are targeting exports to contribute more than 50% of our revenue for FY27, making exports a key pillar of HFCL's next phase of growth.

We also significantly enhanced the quality of our customer mix, with private sector customers contributing approximately 84% of revenue in FY26, compared with 65% in the previous year. This shift is contributing to improved working capital efficiency, stronger cash flows and better overall earnings quality.

“Over the last few years, we have strategically positioned HFCL by investing in innovation, expanding manufacturing capacities, strengthening our product portfolio, diversifying our customer base and building new growth engines.”

₹10,159 crore
Landmark contract of OFC secured

~₹16,235 crore
Combined order book of OFC and Connectivity Solutions

Our order book exceeded ₹21,200 crore as on March 31, 2026, providing strong multi-year revenue visibility and validating the growing scale, diversification and competitiveness of our businesses across connectivity, telecom products, defence and digital infrastructure. This momentum has continued beyond the fiscal year-end, with total orders increasing to ₹26,665 crore as on June 30, 2026.

Strengthening Leadership in Connectivity

As digital infrastructure becomes increasingly critical to economic growth, demand for high-capacity connectivity solutions continues to accelerate globally.

India is expected to remain one of the fastest-growing markets, with the optical fiber and cable industry projected to grow at a CAGR of approximately 10.1% and reach nearly \$2.7 billion over the coming years.

During the year, HFCL achieved a major milestone by securing a landmark five-year optical fiber cable supply agreement valued at approximately ₹10,159 crore with a leading global hyperscaler. This represents a significant endorsement of our technological capabilities, product quality, manufacturing strength and execution excellence.

Our combined optical fiber cable and connectivity solutions order book reached approximately ₹16,235 crore, of which ₹13,777 crore pertained to exports as on June 30, 2026. We are investing ahead of this opportunity. Our optical fiber manufacturing capacity is being expanded from 28.0 million fkm to 33.90 million fkm per annum and our optical fiber cable capacity from 34.0 million fkm to 42.36 million fkm per annum, with both expansions expected to be completed by December 2026. Building on this, the HFCL Board has approved a second phase of expansion that will increase optical fiber capacity to 38.50 million fkm per annum and optical fiber cable capacity to 56.36 million fkm per annum by July 2028.

In parallel, we are investing approximately ₹580 crore towards establishing a backward integrated preform manufacturing facility with a planned capacity of 310 MTPA. This investment will strengthen supply-chain resilience, enhance cost competitiveness, support margin expansion and significantly reduce our dependence on imports.

Alongside manufacturing expansion, we continue to strengthen our technology portfolio. Till date, we have shipped over 8 lakh indigenously developed 5G Fixed Wireless Access (FWA) CPEs to a leading telecom operator. During FY26, we delivered 17,000 IP/MPLS routers, and secured significant contracts under BharatNet Phase III, further strengthening our position in India's digital infrastructure build-out.



“The combination of capabilities across aerostructures, aeronautics, radar and thermal imaging gives us a strong platform to participate in the growing global market for advanced defence technologies.”

~₹2,189 crore
Defence Orders



Backed by a growing research and development team of over 229 engineers and scientists, HFCL remains committed to developing differentiated technologies, expanding intellectual property creation and delivering innovative solutions for customers across global markets.

Defence and Aerospace: Building a New Growth Engine

FY26 marked a significant milestone in building defence and aerospace into a strategic growth platform for HFCL. We secured orders for indigenously developed thermal cameras and drone detection radars, strengthened technology-transfer partnerships with DRDO, expanded our intellectual property portfolio and established a presence in the high-entry-barrier aerospace segment.

Our defence order pipeline, including the proposed aerospace acquisition, stands at approximately ₹2,189 crore. This includes a confirmed export-oriented order book of approximately ₹1,890 crore. The combination of capabilities across aerostructures, aeronautics, radar and thermal imaging gives us a strong platform to participate in the growing global market for advanced defence technologies.

To support future scale, we are setting up a 1,000-acre defence manufacturing facility in Andhra Pradesh. We view this as a long-term strategic platform that will enable HFCL to participate meaningfully in India's defence modernisation programme while strengthening our position in global defence supply chains. Defence and aerospace are expected to become important contributors to HFCL's future growth, margin profile and value creation over the coming years.

Sustainability at the Core

At HFCL, sustainable growth is inseparable from long-term business success. We continue to integrate environmental, social and governance considerations into our business strategy, risk management framework and operational processes.

During FY26, we submitted our near-term decarbonisation targets to the Science Based Targets initiative (SBTi), while continuing investments in renewable energy adoption, resource efficiency, waste reduction and responsible manufacturing.

Our sustainability efforts are complemented by community development programmes spanning healthcare, education, skills development and social empowerment that positively impacted more than 1.15 lakh beneficiaries during the year.

These initiatives reflect our commitment to creating enduring value for all stakeholders while contributing meaningfully to society and the environment.

The Road Ahead

As we enter FY27, HFCL stands at an important new stage of its evolution. We have a stronger product portfolio, a significantly larger order book, a widening global presence, expanding manufacturing capabilities and growing opportunities across optical connectivity, telecom products, digital infrastructure, defence and aerospace. Our priorities for the next phase are clear: to deepen our technology leadership, accelerate export growth, strengthen vertical integration, invest ahead of demand and continue improving profitability and capital efficiency.

Looking beyond the near-term, our ambition is to build HFCL into a globally respected technology and manufacturing enterprise. By leveraging differentiated products, strong intellectual property portfolio, deep engineering expertise and advanced manufacturing capabilities, we aim to create long-term value while serving customers across some of the world's fastest-growing technology and defence markets.

I extend my deepest gratitude to our customers, partners, shareholders, bankers, governments, and Board members for their enduring trust and confidence in HFCL. I also want to thank our dedicated employees, whose relentless execution and unwavering commitment have been the true architects of this landmark year.

Warm Regards,

Mahendra Nahata
Managing Director

KEY PERFORMANCE INDICATORS

Delivering Measurable Growth

The successful execution of strategic initiatives enabled HFCL to achieve a strong business and financial performance during FY26. Robust order inflows, sustained revenue growth, margin expansion and improved profitability reflected the Company's operational excellence and execution capabilities. Supported by a healthy order book and a diversified growth portfolio, HFCL continued to strengthen its financial position while delivering higher earnings per share and long-term value for shareholders.

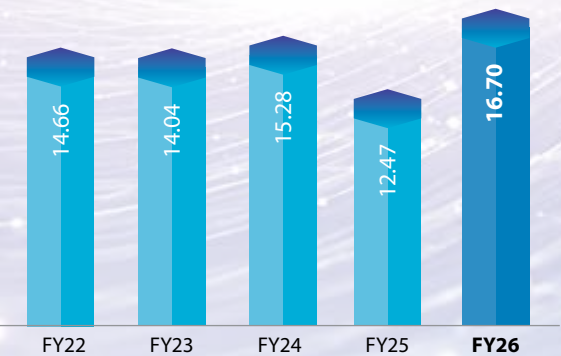
Total Income
(₹ in crore)



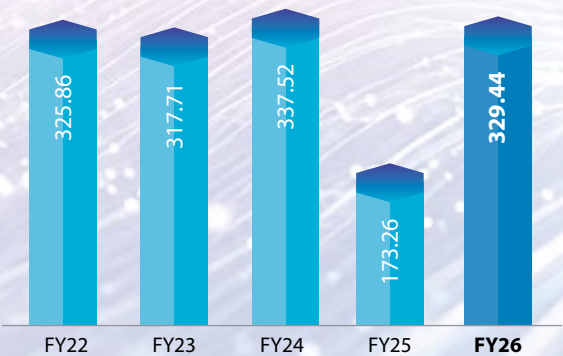
EBITDA
(₹ in crore)



EBITDA Margin
(%)



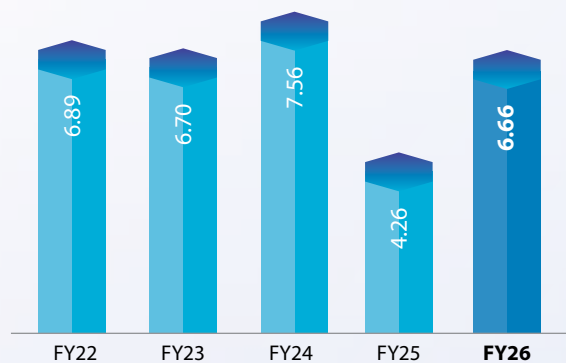
Profit After Tax (PAT)
(₹ in crore)





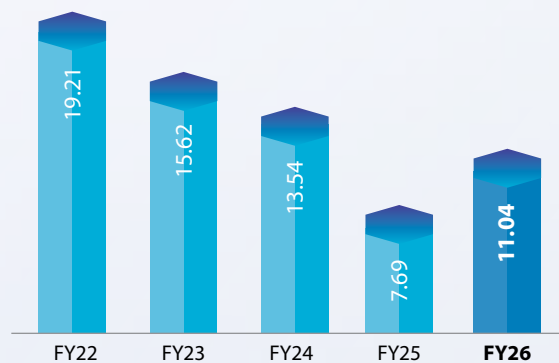
PAT Margin

(%)



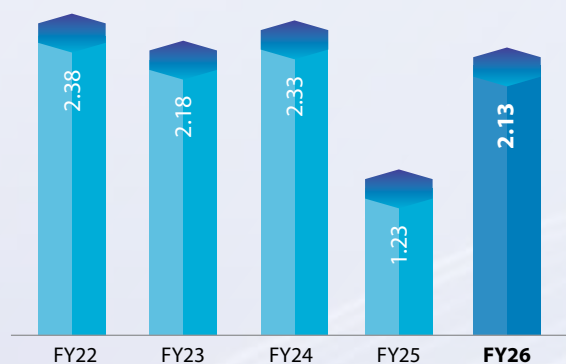
Return on Capital Employed

(%)



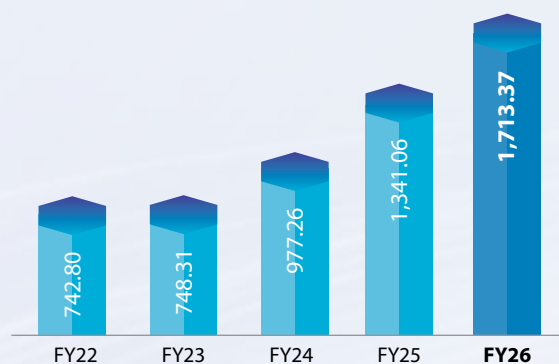
EPS

(₹)



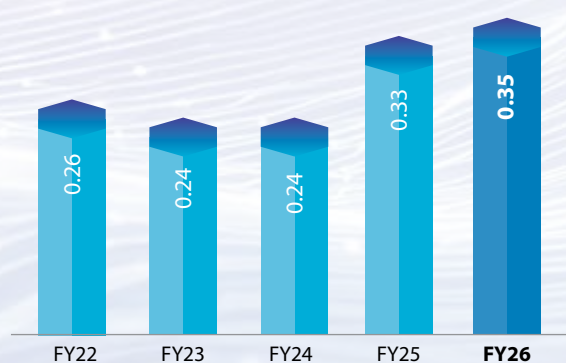
Debt

(₹ in crore)



Debt-Equity Ratio

(Times)



OPERATING CONTEXT

Bridging the Gap, Building the Future

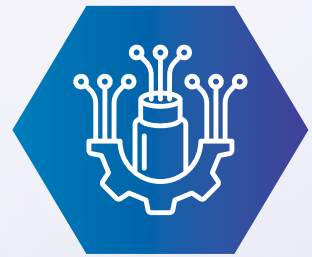
Demand for HFCL's products are increasing both within and outside India, creating growth opportunities across its key operating segments. With significant room for expansion in the core segments, the Company is successfully capitalising on market opportunities. While accelerating the growth trajectory, HFCL is enabling strategic capacity expansion and driving long-term, sustainable profitability.

Market Opportunity

Telecom and Networking

Optical Fiber Cables

Driven by AI, cloud expansion and hyperscale data centres, the global optical fiber market is going through a structural transformation, driving 150 to 200 million fiber kilometres of incremental demand, with a focus on high-performance, low-latency and high-fiber-count solutions. With the supply for these specialised cables being tight, the average realisations improved significantly, which is expected to boost profit margins. This favourable pricing environment marks the beginning of a multi-year growth cycle which will sustain over the medium- to long-term.



2.5x

Estimated realisation
by FY27

750 mn fkm

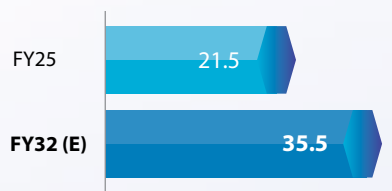
Global OFC
Annual demand

Supply Squeeze Reshaping the Industry

- **Rising Demand for High-Performance Fiber:** Shift from traditional use to data centres, requiring high-performance fiber at scale
- **China Export Curbs:** Capacity shutdowns and JV closures have created a domestic demand glut
- **Hyperscaler Race:** Competition to complete projects first is fuelling strong near-to-long-term demand
- **Price Rally:** Prices of G.657A2 single-mode fiber have risen over 30% since early 2025, reflecting a structural rather than cyclical shift

Global Market Opportunity

(USD in billion)

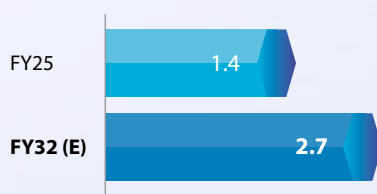


7.4%

Estimated CAGR of global OFC market (FY25-FY32)

Indian Market Opportunity

(USD in billion)



10.1%

Estimated CAGR of Indian OFC market (FY25-FY32)

Global Growth Drivers

- Expansion of 5G networks and FTTx deployments across both suburban and rural regions
- Interconnects for AI and cloud data centres, driving demand for ultra-low-loss, ribbon-style fiber cabling
- Key defence and critical infrastructure projects underway across North America, Europe, India and the Middle East
- Major submarine and cross-border cable projects, such as SEA-ME-WE 6 and IAX/IGG, substantially increasing intercontinental bandwidth capacity

Domestic Growth Drivers

- AI GPU racks require 36x more fiber compared to CPU racks, driving a sharp rise in fiber demand
- Government programmes including BharatNet Phase III is expanding the broadband connectivity
- Military UAV systems are now consuming an estimated 50-100 mn fkm of fiber annually, accounting for roughly 12-15% of global demand

HFCL's Positioning

HFCL offers a comprehensive range of optical fiber cables, including high-performance, low-attenuation and specialised fiber designs tailored to diverse network needs. The Company has commercially deployed ultra-high-density ribbon cables of up to 3,856F for hyperscale customers. The Company has also developed 6,912-fiber-count cables, with prototypes submitted to customers for evaluation and approval. HFCL also brings proven execution across nationwide OFC deployments, with a track record spanning large-scale telecom, oil & gas and government broadband projects.

The Company is currently undertaking a capacity expansion programme to increase its optical fiber manufacturing capacity from 28 million fkm to 33.90 million fkm per annum and optical fiber cable capacity from 34 million fkm to 42.36 million fkm per annum. Further, the Board has approved an additional expansion which, upon completion by July 2028, will increase the Company's total optical fiber and optical fiber cable capacities to 38.50 million fkm and 56.36 million fkm per annum, respectively.



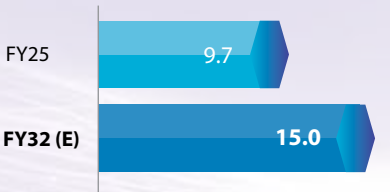
Wi-Fi Products

HFCL's Wi-Fi portfolio under the IO by HFCL brand is well positioned to address the growing demand for high-capacity, secure and reliable wireless connectivity, driven by Wi-Fi 6, Wi-Fi 6E and Wi-Fi 7, IoT proliferation, cloud applications and hybrid work environments.

The portfolio includes enterprise-grade indoor and outdoor access points, cloud-managed networking solutions and AI-enabled network management platforms, offering simplified deployment, real-time visibility, predictive analytics, automated optimisation and proactive troubleshooting.

HFCL differentiates through indigenous R&D, intelligent cloud-based management and AI-led network optimisation, enabling scalable, efficient and future-ready wireless networks. Its purpose-built solutions cater to diverse sectors including hospitality, education, healthcare, transportation, smart cities, manufacturing, warehousing, retail and large enterprise campuses, delivering secure, high-performance connectivity and enhancing digital experiences across demanding environments.

Global Market Opportunity
(USD in billion)



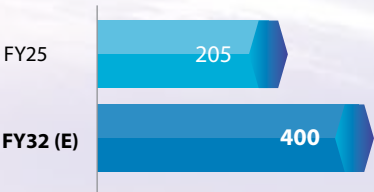
6.4%

Estimated CAGR of global Wi-Fi products market (FY25-FY32)

Growth Drivers

- Rapid adoption of Wi-Fi 6 and 6E, with Wi-Fi 7 entering commercial deployment
- Rising demand for cloud-managed WLAN and AI-driven network optimisation
- Increasing integration of enterprise Wi-Fi with SD-WAN and SD-Branch solutions
- Growing Wi-Fi deployments across campuses, industrial sites, transit hubs and smart cities
- Growing use of AI/ML-based network optimisation

Indian Market Opportunity
(USD in million)

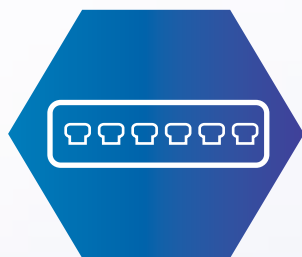


10%

Estimated CAGR of Indian Wi-Fi products market (FY25-FY32)

HFCL's Positioning

HFCL offers Made-in-India Wi-Fi portfolio designed to deliver secure, high-performance connectivity across diverse deployment environments. Optimised for high-density and mission-critical applications, its solutions seamlessly integrate with SD-WAN and enterprise networks, enabling scalable, reliable and future-ready wireless infrastructure.



Switches

HFCL has established a strong presence in the L2/L3 switching market with enterprise and carrier-grade solutions designed to meet the growing demand for high-performance, secure and scalable network infrastructure, driven by cloud adoption, IoT, digital transformation, industrial automation and rising data traffic.

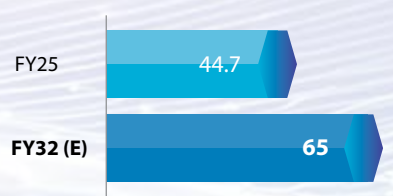
Its portfolio spans access and aggregation switches for enterprise campuses, branch offices, telecom networks, industrial facilities and smart cities, offering capabilities such as high-density Gigabit and Multi-Gigabit connectivity, PoE/PoE++, IPv6, advanced QoS, robust security, network virtualisation and cloud-based management.

Leveraging indigenous R&D and networking expertise, HFCL enables centralised management, network visibility, automation and AI-assisted operations, helping customers simplify network administration, enhance efficiency and reduce total cost of ownership.

The solutions are tailored for diverse sectors including enterprises, education, healthcare, hospitality, transportation, manufacturing, government, defence and smart cities, providing secure, reliable and future-ready connectivity that forms the foundation of modern digital infrastructure.

Global Market Opportunity

(USD in billion)



5.5%

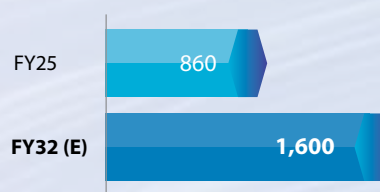
Estimated CAGR of global switch market
(FY25-FY32)

Growth Drivers

- Rising GenAI workloads driving demand for ultra-fast inter-processor communication
- Increasing need for ultra-high-speed switching in hyperscale data centres
- Expansion of 5G networks accelerating demand for low-latency connectivity
- Growth of IoT and industrial automation driving network switch upgrades
- Continued investment in digital infrastructure modernisation supporting market growth

Indian Market Opportunity

(USD in million)

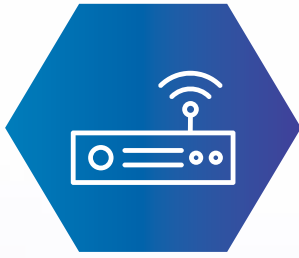


9.3%

Estimated CAGR of Indian switch market
(FY25-FY32)

HFCL's Positioning

Built in India with next-generation features, the switches are engineered to meet scalable global telecom requirements while delivering high performance and reliability. Designed for improved energy efficiency and compliance with IEEE standards, they provide a future-ready solution for modern networking environments.



Unlicensed Band Radios (UBRs)

HFCL is a recognised leader in the Unlicensed Band Radio (UBR) market and among India's leading indigenous OEMs of Point-to-Point (P2P) and Point-to-Multipoint (P2MP) wireless broadband solutions, with over 500K radio units deployed across India and international markets.

The growing adoption of Fixed Wireless Access (FWA), rural broadband, video surveillance, smart cities, industrial connectivity and IoT is driving demand for cost-effective and rapidly deployable alternatives to fiber, particularly where fiber deployment is challenging or uneconomical.

HFCL offers high-performance P2P and P2MP solutions delivering high throughput, long-range coverage, low latency, spectrum efficiency and carrier-grade reliability across broadband, telecom, enterprise, government, defence, utilities, transportation and smart city applications.

Backed by indigenous R&D, extensive deployment experience and continuous innovation, HFCL's UBR solutions enable secure and resilient connectivity, support digital inclusion and help customers expand networks faster while reducing deployment costs and time to market. With a proven deployment track record and growing global presence, HFCL is well positioned to benefit from the rising demand for next-generation wireless access and backhaul solutions.

Growth Drivers

- Complements BharatNet fiber connectivity in challenging terrains
- Rising demand for Wi-Fi hotspots to enhance urban network capacity
- Smart cities and IoT deployments driving demand for resilient unlicensed backhaul solutions

Global Market Opportunity

USD 750 million
Global market value

3%
Estimated CAGR

HFCL's Positioning

Comprehensive Point-to-Point and Point-to-Multipoint portfolio is provided featuring advanced radio technology for reliable performance. Designed for rapid deployment and a lower total cost of ownership (TCO), its rugged, IP67-rated carrier-grade outdoor units are built to perform in demanding environments. HFCL's addressable market is estimated at approximately USD 270 million in the P2MP segment and USD 140 million in the P2P segment.



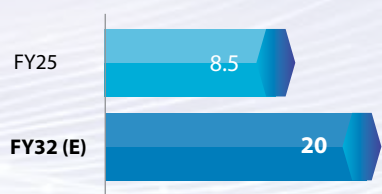
5G Fixed Wireless Access (FWA) CPE: Enabling Broadband Expansion

As telecom operators seek to monetise 5G investments and accelerate broadband penetration, Fixed Wireless Access (FWA) has emerged as one of the fastest-growing broadband access technologies globally. HFCL has established itself as a pioneer in this segment through its portfolio of indigenously designed indoor and outdoor 5G FWA CPE solutions.

- First Indian company to commercially launch an indigenous 5G FWA CPE platform
- Successfully delivered more than 8 lakh 5G FWA CPE units to a leading Indian telecom operator
- Secured repeat business and follow-on deployments, validating product performance, reliability and customer confidence
- Strengthened HFCL's position as a trusted partner for operators seeking to accelerate 5G monetisation and expand broadband penetration
- The Company's FWA portfolio enables telecom operators to deliver fiber-like broadband experiences while reducing deployment time and last-mile infrastructure costs

Global Market Opportunity

(USD in billion)



21.9%

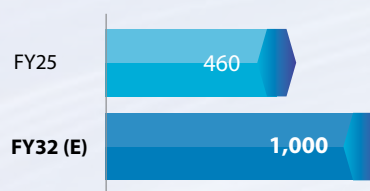
Estimated CAGR of global FWA market (FY25-FY32)

Growth Drivers

- Rising demand for broadband connectivity, especially in fiber-constrained areas
- Fixed Wireless Access emerging as a key solution to bridge India's broadband gap
- C-band and mmWave deployments enabling fiber-like internet speeds
- Expanding spectrum availability driving higher throughput and improved network performance
- Growing urban 5G rollout is driving demand for macro and small cell backhaul infrastructure, along with repeat orders for 5G CPE

Indian Market Opportunity

(USD in million)

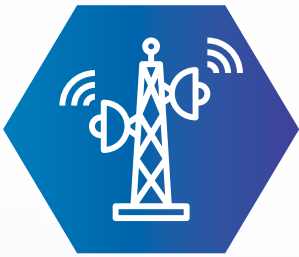


11.7%

Estimated CAGR of Indian FWA market size (FY25-FY32)

HFCL's Positioning

Made in India, 5G-ready FWA solutions are designed for large-scale broadband rollouts. Supporting both C-band and mmWave deployments, these solutions seamlessly integrate with core telecom infrastructure, enabling high-performance, scalable and future-ready broadband connectivity.



Advanced Router Solutions for Digital Infrastructure and BharatNet

The global router market is on a strong growth trajectory, fuelled by opportunities from cloud services, data centres, AI factories and virtual networks. While rising cybersecurity requirements and increasing cloud adoption continue to drive market demand, rapid technological advancements and evolving digital transformation needs across industries are shaping the next generation of router infrastructure. HFCL’s indigenous IP/MPLS router portfolio has been developed to address these requirements through open architectures, merchant silicon, network disaggregation and carrier-grade software platforms.

BharatNet Phase III has emerged as a significant validation of HFCL’s indigenous networking capabilities. HFCL has secured opportunities for deployment of more than 80,000 IP/MPLS routers under BharatNet, one of the world’s largest rural broadband programmes.

During the year, HFCL demonstrated strong execution capabilities by delivering and deploying approximately 17,000 routers within four months, enabling rapid broadband rollouts across multiple geographies.

HFCL routers are being operationalised across multiple telecom circles in partnership with leading project implementation agencies (PIAs) and system integrators. Building on successful execution and product performance, HFCL continues to secure additional deployment opportunities through BharatNet ecosystem partners.

Tier-1 Telecom IP Network Modernisation

HFCL achieved a significant milestone by securing and executing a strategic router deployment programme with a leading Tier-1 telecom operator. The engagement was won against established global networking competitors and required extensive interoperability and integration across a complex multi-vendor network environment.

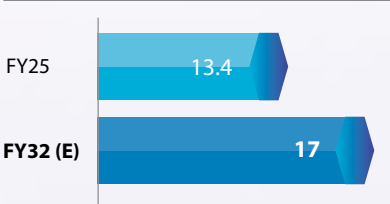
The deployment involved migration of live network infrastructure while maintaining uninterrupted subscriber services. Successful execution demonstrated HFCL’s capability to deliver carrier-grade networking solutions in highly demanding telecom environments with zero customer impact.

The project subsequently resulted in repeat business, reinforcing customer confidence in HFCL’s technology, execution capabilities and long-term product roadmap.

Growth Drivers

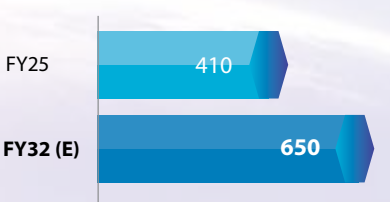
- Expansion of 5G transport networks and fiber connectivity for mobile towers
- Growing integration of routers with cloud-native management and virtualised network functions
- Increasing demand for advanced routers to simplify large-scale network management
- AI/ML-enabled routers enhancing network optimisation, telemetry and self-healing capabilities

Global Market Opportunity
(USD in billion)



3.4%
Estimated CAGR of global router market (FY25-FY32)

Indian Market Opportunity
(USD in million)



6.8%
Estimated CAGR of Indian router market size (FY25-FY32)

HFCL's Positioning

Built to empower next-generation communications, the Made in India, 5G-ready routers deliver advanced IP/MPLS capabilities tailored for scalable, cloud-native telecom networks. They are engineered to handle dynamic, high-capacity workloads seamlessly, backed by strong EPC execution and system integration expertise to ensure smooth, end-to-end deployment across modern infrastructure.

E - Estimate



Defence Sector

Global Defence Sector

While escalating geopolitical conflicts are driving a global wave of re-armament, this shift is significantly accelerating military modernisation and the adoption of cutting-edge digital warfare technologies. As NATO member countries increase their defence spending beyond 2% of the GDP, it opens unprecedented growth opportunities in advanced technology and defence innovation, expanding the total addressable market (TAM) to a projected USD 726.4 billion.

USD ~726.4 billion
TAM of defence sector

USD ~40 billion
Expected Indian defence capital expenditure by FY32

Indian Defence Sector

India's defence capital expenditure is projected to grow from USD 23.5 billion in FY27 to USD 40 billion by FY32. This robust expansion is strongly supported by government policy, with 75% of the capital budget earmarked specifically for domestic procurement and 25% of the defence R&D budget reserved for private industry participation.

~75%
of the capital budget is expected to be allocated for domestic procurement

~25%
of the defence R&D budget is expected to be reserved for private industry

HFCL's Positioning

The Company provides indigenously designed, combat-ready defence products backed by strong intellectual property and technology licensing and transfer of technology from DRDO, enabling accelerated product development. As a NATO-listed supplier, HFCL is establishing a dedicated defence manufacturing facility in Andhra Pradesh on a land parcel of approximately 1,000 acres. The facility is expected to enhance manufacturing scale, strengthen self-reliance and support the Company's growing presence in domestic and international defence markets.

STRATEGIC PRIORITIES

Positioned for Sustainable Growth

HFCL continues to advance its strategic priorities with a focus on innovation, portfolio diversification and manufacturing excellence. By increasing its presence in higher value-added product segments, broadening revenue streams and investing in capacity enhancement, the Company is strengthening its competitive advantage, improving margins and creating a scalable platform for sustainable long-term growth and stakeholder value creation.



Higher Margin Product Revenue

HFCL is increasingly intensifying focus on higher-margin products to drive profitability. The Company continues to invest in R&D, prioritising higher value-added solutions and products that can boost revenue while easing working capital requirements.

The Company is focusing on the following segments for profitability:

Optical Fiber Cables: With the growth of hyperscalers and the rise of data centres, demand for OFC is increasing, paving the way for higher profitability and activating significant growth opportunities. This gives HFCL room to focus on OFCs and other customised solutions tailored to hyperscalers and data centres.

Defence: The defence segment is growing exponentially, driven primarily by government initiatives. Sustained investment in defence and modernised solutions, including in aerospace, creates space for innovation and opens up opportunities for HFCL to move up the value chain, while driving revenue and widening margins.



Outcomes

- Increase in Revenue from Operations: ₹4,949.27 crore in FY26 vs. ₹4,064.52 crore in FY25
- Growth in EBITDA Margin: 16.70% in FY26 vs. 12.47% in FY25
- Growth in PAT Margin: 6.66% in FY26 vs. 4.26% in FY25

₹826.75 crore
EBITDA in FY26

₹329.44 crore
PAT in FY26

Expanding Manufacturing Capacities

HFCL is scaling up its manufacturing capacities to keep pace with rising demand for its products and solutions, with a focus on higher-demand and higher-margin products. As part of its ongoing expansion programme, OF manufacturing capacity is being enhanced from 28.0 million fkm per annum to 33.90 million fkm per annum, while OFC manufacturing capacity is increasing from 34.0 million fkm per annum to 42.36 million fkm per annum. The Board has approved an additional expansion of 4.60 million fkm per annum in OF and 14.0 million fkm per annum in OFC, taking total capacities to 38.50 million fkm per annum and 56.36 million fkm per annum, respectively, upon completion of these expansion programmes. The Company is also building capacity in the defence sector to support the growing demand for its defence solutions.

These capacity additions, along with the Company’s backward integration into preform manufacturing, are expected to improve operating efficiencies, mitigating supply chain dependency and supporting margin expansion.

Focused Areas

Strengthening Backward Integration

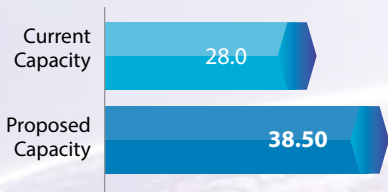
HFCL is strengthening its backward integration to reduce dependence on external suppliers for the manufacturing of OFCs. This move ensures higher quality assurance of finished goods and helps yield better margins for the Company.

Optical Fiber Cable Expansion

HFCL is expanding its capacity to address accelerating demand from data centres, hyperscalers and AI-led network modernisation. This includes a single large hyperscaler order, an OFC contract of ₹10,159 crore, with a five-year execution horizon, securing over 50% of the Company's OFC capacity over the medium-term.

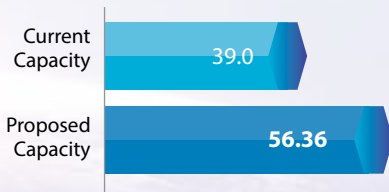
Optic Fiber Capacity Expansion

(in mn fkm p.a)



Optic Fiber Cable Capacity Expansion

(in mn fkm p.a)



Advancing Vertical Integration

HFCL is setting up its green field preform manufacturing facility with annual capacity of 310 MT/annum. This will strengthen supply chain resilience, optimise costs and enhance margins, while providing greater flexibility in planning and execution.

Defence Manufacturing Expansion

HFCL is setting up a 1,000-acre defence manufacturing facility in Andhra Pradesh. The Company is targeting a revenue of ₹500 crore for FY27, up from ₹77 crore achieved in FY26.

310 MTPA
Proposed capacity for
Preform Manufacturing

Optimising Revenue Mix

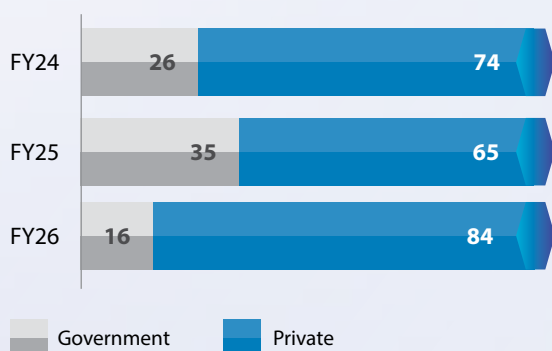
HFCL is strategically optimising its revenue mix to drive sustainable growth, profitability and resilience. As part of its strategy to optimise its revenue mix, the Company has set targets for FY27, aiming to generate over 85% of its total revenue from its product portfolio and ~50% or more from export markets. This growth is being supported by a diversified product portfolio, while expanding its global footprint and customer diversification. Revenue from the private sector increased to ~84% in FY26, reflecting a deliberate shift from government-led projects to higher-value private sector engagements. HFCL is also shifting away from low-margin turnkey projects towards a technology-led and product-focused business model.

Focus Areas

Government vs. Private Revenue Mix: The Company is strengthening its customer mix by increasing its focus on higher-margin private sector clients and market-aligned offerings.

Revenue Mix

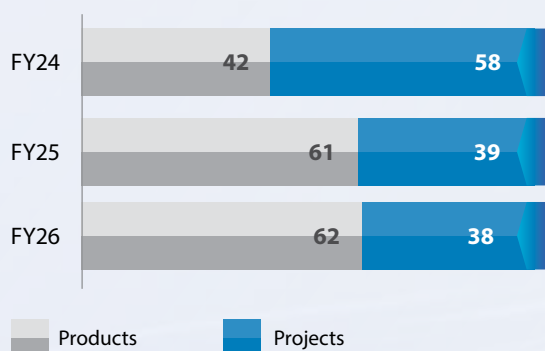
(%)



Products vs. Projects Revenue Mix: Transitioning from project-led to product-led revenue through a strategic exit from low-margin turnkey projects and a focus on scalable, high-value products.

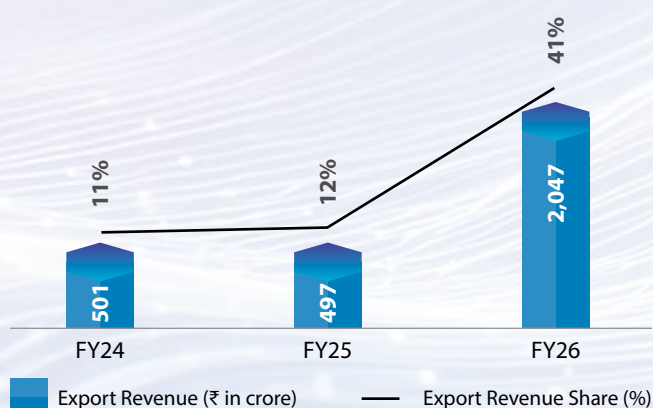
Revenue Mix

(%)



Export Revenue Share: The Company is strengthening its global presence, with growing acceptance of its products among hyperscalers and data centre customers. This expanding international footprint is expected to drive exports to more than 50% of total revenue in FY27.

Export Revenue



50%+

Export's estimated contribution to total revenue from FY27 onwards





ENVIRONMENT

Wiring the Future, Nurturing Nature

Committed to its environmental stewardship, HFCL has embedded sustainability at the core of its operations through energy-efficient technologies, renewable energy adoption and eco-friendly manufacturing practices. By aligning its business priorities with rigorous environmental standards, the Company demonstrates that industrial growth and ecological responsibility go hand-in-hand.



External ESG Ratings and Recognition

CFC Finlease
73/100

Good

SES
70.7/100

Strong performance
across sustainability
metrics

**NSE Sustainability
Ratings**
70/100

Categorised as
'Aspiring'

**ESG Risk
Assessments**
70/100

Reflects robust
risk mitigation and
responsible practices

EcoVadis
65/100

Awarded Bronze Medal for
ESG performance

CRISIL ESG
55/100

Adequate

S&P Global CSA
50/100

Improved significantly
by 22 points

CDP
C

Awareness



Environmental Sustainability Roadmap

Guided by its sustainability roadmap, HFCL continues to prioritise resource optimisation, water and energy conservation, and responsible waste management. The Company has undertaken several initiatives across its facilities to enhance resource efficiency and support its long-term sustainability goals.



Facility	Sustainability Initiatives	Expected Outcomes
Hyderabad	Installation of a 1 MW solar system	- Estimated emission reduction: 1,215 metric tonnes/year - Estimated energy saving: 1.5 million units/year
	Replacement of conventional microwave lamps with LED UV variants	- Estimated emission reduction: 5,022 metric tonnes of CO₂ /year - Estimated energy saving: 6.2 million units/year
	Responsible Waste Management Practices	- Total waste recycled: 717 MT - Total waste recovered: 78 MT
Goa	Transition to solar energy covering 40% of total energy needs	- Estimated emission reduction: 3,240 metric tonnes of CO₂ /year - Estimated energy saving: 3.1 million units/year
	Upgradation of machinery and adoption of advanced technologies	Estimated energy saving: 7 lakh units/year
	Responsible Waste Management Practices	Total waste recycled: 291 MT
Chennai and Hosur	Adoption of a 10 MW solar/wind hybrid energy model, targeting 80-90% renewable share by FY27	- Transition to solar/wind model at Chennai and Hosur will have an expected CO₂ emission reduction of up to 14,580 metric tonnes - Sourced 72% of the grid electricity from renewable sources

*MT - Metric Tonnes



Emission Control

HFCL is committed to responsible energy management and minimising its environmental footprint across operations. The Company continues to strengthen energy efficiency, optimise resource consumption and increase the use of green power. These efforts support the transition towards lower-carbon operations while driving sustainable growth.

Energy Management

As HFCL expanded its operations during FY26, it continued to integrate environmental considerations into its operations. Total energy consumption reached 1,79,486 GJ while Scope 1 and Scope 2 emissions amounted to 39,142 MT of CO₂ equivalent, primarily reflecting higher production volumes and ongoing capacity expansion. During the year, HFCL recorded its first measurable renewable electricity consumption following the commissioning of a 1 MWp rooftop solar installation at its Hyderabad facility. The installation is expected to generate around 1.5 million units of renewable electricity annually and reduce emissions by up to 1,215 metric tonnes of CO₂ per year. The Hosur defence manufacturing facility sourced 72% of its grid electricity from renewable sources, supporting the transition towards lower-carbon operations.

As part of its decarbonisation efforts, HFCL submitted its near-term roadmap to the Science Based Targets initiative (SBTi) for validation, targeting ~42% reduction in Scope 1 and Scope 2 emissions and 25% reduction in Scope 3 emissions by FY31.

1,79,486 GJ

Total energy consumption

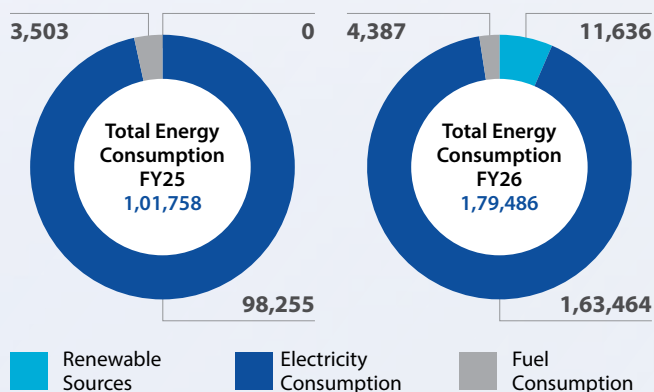
39,142 MT

Total CO₂ emissions under Scope 1 and Scope 2



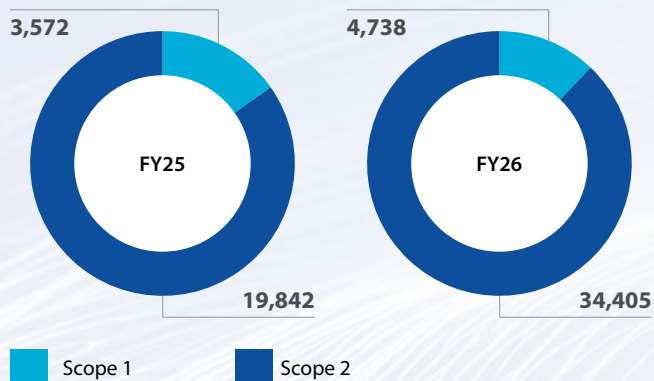
Energy Consumption

(GJ)



GHG Emission

(Metric tonnes of CO₂ equivalent)



42%

Target to reduce Scope 1 and Scope 2 emissions by FY31

25%

Target to reduce Scope 3 emissions by FY31

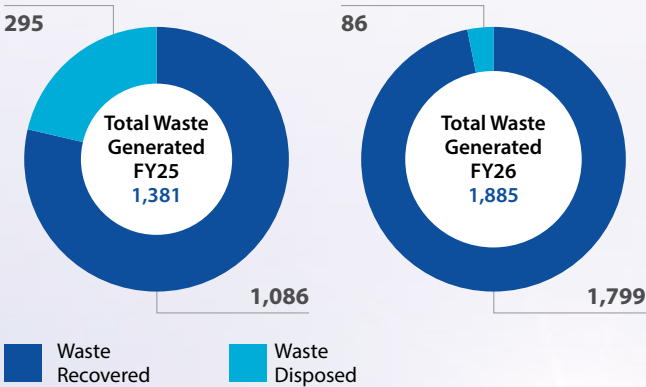


Waste Management

HFCL is committed to responsible waste and resource management by minimising waste generation, promoting resource recovery, and enhancing recycling and reuse initiatives to reduce reliance on landfills. The Company also focuses on the efficient utilisation of resources across its operations, helping minimise environmental impact while supporting its broader sustainability objectives.

Total Waste Generated

(in Metric Tonnes)



Sustainable Manufacturing Processes

HFCL continues to embed the principles of reduce, reuse and recycle across its manufacturing operations. The Company collaborates with suppliers to promote the reuse of packaging materials, while empty fiber spools and jelly containers are returned for reuse within the supply chain. It also uses biodegradable rubber wood for final packaging, helping minimise the consumption of conventional wood and supporting sustainable manufacturing practices.

Waste Management Excellence

The Hyderabad and Goa facilities achieved Zero Liquid Discharge and Zero Waste to Landfill certifications during the year. Across operations, 95% of total waste generated was diverted from disposal, up from 79% in FY25, while waste sent to landfill declined by more than 73%.

E-waste Management

In compliance with the E-Waste Management Rules, 2022, HFCL operates a standardised e-waste management framework. To ensure that electronic waste is disposed of safely and lawfully, the Company collaborates with vendors authorised by the Central and State Pollution Control Boards and the Ministry of Environment, Forest and Climate Change.



Water Management

Water stewardship remains an integral part of HFCL's sustainability agenda. Through conservation, recycling, and reuse initiatives, the Company strives to optimise water consumption and minimise its environmental impact across operations.

Water Recycling and Reuse

HFCL has established Sewage Treatment Plants (STPs) at its Goa and Hyderabad facilities, enabling the treatment and reuse of wastewater for landscaping and gardening.

These initiatives enhance water efficiency, reduce freshwater dependency, and support the Company's commitment to sustainable resource management.

35 KL/day
Capacity of STP at
Hyderabad facilities

30 KL/day
Capacity of STP at
Goa facility

Rainwater Harvesting

HFCL promotes water self-sufficiency at its Hyderabad site by utilising an installed rainwater harvesting system. By capturing rainwater for landscaping and routine site needs, the facility actively conserves natural resources and minimises external water usage.

Water Consumption Efficiency

12% improvement in water-use efficiency, reflecting a reduction in water intensity per rupee of turnover.

Cultivating a Green Ecosystem

HFCL promotes ecological balance and biodiversity through the development of green belts across its manufacturing facilities. Beyond enhancing the natural environment, these green spaces form an integral part of the Company's sustainable operational footprint.

10,200 Square metres
Green landscape developed at
Hyderabad facility



Certified Excellence Standards

RoHS & REACH Compliance

All raw materials used in HFCL's optical fiber and cable production adhere strictly to RoHS hazardous substance restrictions and REACH chemical safety guidelines, delivering environmentally safe and compliant products.



ESG & Compliance Outlook

HFCL's commitment to sustainability extends beyond regulatory compliance. The Company integrates environmental, social and governance considerations into its business processes through robust management systems, periodic audits and continuous improvement initiatives. By strengthening governance frameworks, expanding ESG oversight and promoting best practices across the value chain, HFCL continues to enhance operational resilience, sustainability performance and stakeholder confidence.



Integrated Management Systems

Environmental Health and Safety: HFCL operates key facilities under ISO 14001 (Environmental Management) and ISO 45001 standards (Occupational Health & Safety), reinforcing its commitment to environmental stewardship and workplace safety.

Quality & Customer Experience: Quality management systems aligned with ISO 9001, TL 9000 (telecom specific) and ISO 10002 (complaint management) promote operational excellence, product reliability and customer satisfaction.

Business Continuity: The Goa facility's ISO 22301 certified business continuity enhances preparedness through regular testing, drills and recovery planning.

Information Security & Privacy: Enterprise-wide security and compliance are maintained through ISO/IEC 27001 (Information Security), ISO/IEC 27701 (Privacy Management) and ISO/IEC 20000-1 (IT Service Management). These frameworks ensure that data-driven operations remain resilient, secure and compliant.

Laboratory & Product Safety: HFCL's optical fiber testing laboratories in Goa and Hyderabad adhere to ISO/IEC 17025 competence requirements and are recognised as Conformity Assessment Bodies (CAB). The Company's optical fiber cables carry UL (USA) safety certification, reinforcing product quality and safety standards.

Process Excellence: HFCL's software development practice in Gurugram achieved CMMI DEV Level 3, underscoring maturity in project execution.

SOCIAL - PEOPLE

Empowering People, Engineering Future

At HFCL, workforce is the foundation of the Company's long-term success. Driven by targeted talent initiatives and continuous learning programmes, HFCL actively train, nurture and develop their people to meet world-class industry standards and global aspirations. This works in sync with HFCL's dynamic business practices driven by advanced technology and superior infrastructure. A seamless union of an empowered workforce and an engineered future help steer the organisation towards profitable growth.



Strategic Talent Management

Our recruitment strategy focuses on onboarding specialised technical and leadership talent across R&D, manufacturing, product management, sales and execution. By deploying competency-based assessments and merit-driven hiring, we have integrated key professionals to accelerate product development and market reach, building a workforce trained and equipped for global scale.



Building a Learning Ecosystem

To support its expansion in telecom, defence and digital infrastructure in FY26, HFCL advanced its workforce development framework into a flexible, learner-led ecosystem. Through HFCL Academy and external knowledge partners, the Company offers a blend of instructor-driven, virtual, self-paced and certification-backed training programmes.

During the year, employees benefitted from the following:

Comprehensive L&D Reach: Delivered structured instructor-led, virtual and compliance training across the HFCL Group.

Technology and Self-Paced Upskilling: Accelerated technical skill development through self-driven modules on HFCL Academy.

Expanded Digital Learning Access: Increased enterprise learning licences to meet rising demand for continuous education.

AI-driven Personalisation: Introduced AI-powered smart nudges, adaptive skill validation and personalised learning pathways.

Fostering Diversity, Equity & Inclusion

In FY26, HFCL strengthened its diversity, equity and inclusion practices to foster a fair workplace, offering equal opportunity without discrimination. The Company achieved 100% employee completion across POSH, human rights and Anti-Bribery & Anti-Corruption (ABAC) compliance training, while providing advanced certifications to Internal POSH Committee members to enhance grievance redressal capabilities. To promote an inclusive workplace culture, HFCL celebrated International Women's Day 2026 across its plant locations, engaging and honoring women employees through workshops and interactive sessions.

124

Women employees

33,847

Training Hours: Skill Development

748

New employees hired during FY26

SOCIAL - COMMUNITIES

Growing Together: A Commitment to Community

HFCL remains committed to improving the social conditions of the communities where it operates. The Company actively supports community development through targeted initiatives in healthcare, education and digital inclusion. By integrating corporate social responsibility with its business operations, the Company works to uplift society and contribute to sustainable social development.



~₹7 crore
CSR spend during FY26

1.15 lakh+
CSR beneficiaries in FY26

Connecting Communities, Empowering Lives

Advanced Healthcare – Corrective Surgeries for Polio-related Deformities, Clubfoot & Congenital Abnormalities:

In partnership with St. Stephen's Hospital Patients Welfare Society, Delhi, HFCL supported specialised orthopaedic surgeries and post-operative rehabilitation for underprivileged individuals, mostly children, affected by polio-related deformities, clubfoot and congenital musculoskeletal conditions. Led by eminent surgeon Dr. Mathew Varghese, the initiative restored mobility for 59 beneficiaries from marginalised communities, improving their access to education, livelihoods and social participation.

Advanced Healthcare – Critical Cardiac Surgeries:

In collaboration with the All India Heart Foundation, the charitable arm of National Heart Institute, Delhi, HFCL fully funded life-saving cardiac procedures, including angioplasty, bypass grafting, valve repair and correction of congenital heart defects, for 25 economically disadvantaged patients. By eliminating the financial barrier to specialised treatment, the initiative advanced equitable access to critical healthcare for the most vulnerable.

Preventive Healthcare – Mobile Medical Units (MMUs):

HFCL operates five Mobile Medical Units across Solan, Goa, Sardarshahar, Ghazipur and Hyderabad, in partnership with HelpAge India and the Wockhardt Foundation, carrying essential health services to underserved and remote communities. Each unit, staffed by a doctor, pharmacist, lab technician, Social Protection Officer and driver cum mobiliser, delivers check-ups, diagnostics, free medicines and awareness drives. In FY26, the MMUs served over 1.13 lakh individuals, ran 30,000+ diagnostic tests, and reached 8,500+ people through 200+ awareness programmes.

Inclusive Education – Support for Children with Special Needs:

Partnering with Balwantrai Vidya Bhavan, New Delhi, HFCL provided the full academic expenses of 50 children with developmental and intellectual disabilities, aligned with the National Education Policy 2020. Support extended beyond fees to a dedicated transport van, a refurbished printing press for experiential learning, and smart classrooms tailored to special-needs teaching, fostering independence and integration for children from marginalised backgrounds.

Skill Development – Digital Literacy for Rural Youth (Ghazipur, UP):

Aligned with the Government's Skill India and Digital India missions, HFCL partnered with the Hari Prem Society to establish five digital learning centres across rural Ghazipur. The centres delivered foundational and advanced computer training, data entry, office automation and internet applications to 430 youth from disadvantaged communities, widening their access to formal and gig economy livelihoods.

Foundational Education – Ekal Vidyalaya (One Teacher School):

With Bharat Lok Shiksha Parishad under the Ekal Abhiyan, HFCL supports 100 one-teacher schools across 100 villages in Solan and Sirmaur, Himachal Pradesh, where trained local women educators deliver activity-based learning in literacy, numeracy, health and civic values to children aged 4–14. In FY26, the programme benefitted 2,096 students (48% girls), with 82% clearing their annual assessment, while positively influencing over 50,000 villagers.



Holistic Community Development

Under Project KARUNA, beyond healthcare and education, HFCL extends its CSR footprint through a range of community-centric initiatives focused on environmental sustainability, scholarships, rural and slum development, and disaster relief. The Company also supports AMRITAM, which will provide dignified residential care for vulnerable elderly individuals, and has partnered with the Jain Swetamber Terapanthi Sabha, New Delhi to support residential facilities for youth and promote Yoga and Pranayama-based well-being programmes for communities from weaker sections.

BOARD OF DIRECTORS

Guided by Integrity, Driven by Purpose

At HFCL, strong corporate governance makes the foundation for sustainable growth and long-term stakeholder value. Guided by a diverse and experienced leadership team, the governance framework ensures regulatory compliance, shapes strategic trajectory and fosters operational excellence. By maintaining the highest standards of conduct and integrity, the leadership strengthens stakeholder trust and directs the Company towards long-term success.

Board of Directors

As the apex governing body, the Board of Directors promotes the strategic vision while overseeing its financial, operational and reputational performance. It ensures strict compliance with global and Indian regulatory standards while upholding the highest governance practices. By prioritising sustainable growth and long-term value creation, the Board actively drives HFCL towards realising the mission.

Board Committees

HFCL’s governance framework is reinforced by six specialised Board Committees focused on risk, compliance, operational ethics and financial oversight. Each committee brings specialised expertise to streamline decision-making, maintain regulatory alignment and protect long-term stakeholder value.

The Committees

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

Board Experience

HFCL benefits from the guidance of a highly experienced and diverse Board whose collective expertise, strategic insight and leadership provide strong direction to the Company. Their stewardship supports strong governance, drives innovation, and strengthens HFCL’s position as a trusted partner in communications and defence technologies, while advancing its long-term vision for sustainable growth and value creation.

40+ years

Combined domain experience

Board Tenure

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

Board Diversity

HFCL’s Board comprises a diverse blend of directors with varied professional backgrounds, qualifications, industry expertise and complementary skill sets. This strengthens governance, gives strategic oversight, enhances decision-making and contributes to the Company’s sustainable long-term growth.

Leadership Structure

1

Executive Director

2

Non-Executive Director

3

Independent Director



MAHENDRA NAHATA
PROMOTER AND
MANAGING DIRECTOR



AJAI KUMAR
INDEPENDENT DIRECTOR



ANIL NARENDRA SHAH
INDEPENDENT DIRECTOR



BELA BANERJEE
INDEPENDENT DIRECTOR



ARVIND KHARABANDA
NON-EXECUTIVE DIRECTOR



**DR. RANJEET
MAL KASTIA**
NON-EXECUTIVE DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS



Economic Review

Global Economy

During 2025, the global economy demonstrated resilience despite an evolving geopolitical and trade environment. While uncertainty surrounding tariffs imposed by the US government created headwinds for the global trade, businesses responded by diversifying supply chains and adapting sourcing strategies to minimise disruptions. At the same time, sustained investments in digital technologies, particularly Artificial Intelligence (AI), cloud computing and digital infrastructure, continued to support economic activity. As a result, global growth is estimated at 3.4%.¹

3.4%

Global GDP

4.4%

GDP growth of EMDEs

¹World Economic Outlook, April 2026

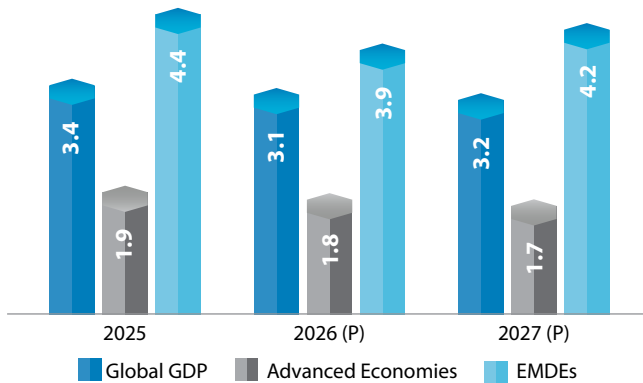
Outlook

As the world entered 2026, the global economy faced renewed uncertainty amid escalating geopolitical tensions in West Asia. Disruptions to critical energy infrastructure and key maritime trade routes, including the Strait of Hormuz, heightened volatility in global energy markets and increased transportation costs, created additional risks for economic activity. These developments are expected to exert pressure on global growth prospects and increase uncertainty across financial markets.

The ongoing conflict is expected to have an uneven impact across economies, reflecting differences in geographic proximity, energy dependence, financial market exposure and reliance on remittance flows. Emerging Market and Developing Economies (EMDEs) are likely to face greater growth pressures than advanced economies, as their relatively higher vulnerability to external shocks makes them more susceptible to disruptions in trade, energy prices, capital flows and investor sentiment.

The IMF projects GDP growth to moderate to 3.1% in 2026, before improving marginally to 3.2% in 2027. Growth in Emerging Markets and Developing Economies is similarly expected to moderate to 3.9% in 2026 before recovering to 4.2% in 2027.

GDP Growth Trend (%)



Global inflation is projected to rise from 4.1% in 2025 to 4.4% in 2026 before easing to 3.7% in 2027. At the same time, widening fiscal deficits and elevated public debt levels could exert upward pressure on long-term interest rates, tightening broader financial conditions and weighing on economic activity.¹

4.1%

Global inflation in 2025

Labour market conditions are also expected to soften over the medium term. The global labour force participation rate is projected to decline by ~0.2 percentage points annually, reaching 60.5% by 2027. Global employment growth is forecast at 1.0% in 2026, remaining marginally below the average recorded over the previous decade.²

60.5%

Expected global labour force participation by 2027

While the outlook remains broadly stable, downside risks continue to outweigh upside potential. Continued investments in AI and digital infrastructure could support stronger-than-expected economic growth. However, persistent geopolitical tensions, evolving trade policies, energy market volatility and supply chain disruptions remain key risks that could adversely affect the global economy.

Indian Economy

India remained one of the fastest-growing major economies in FY26, demonstrating resilience despite a challenging global environment. The economy is estimated to have expanded by 7.7% in FY26, compared with 7.1% in FY25, supported by robust domestic consumption, sustained public capital expenditure and improving macroeconomic fundamentals.

7.7%

India's GDP growth in FY26

Private final consumption expenditure (PFCE) reached a decade-high level of 61.5% of GDP and grew by 7% during the FY26. Higher disposable incomes, personal income tax rationalisation and GST reforms supported increased household spending, reinforcing domestic consumption as a key driver of economic growth.³

Complementing strong private consumption, government-led capital expenditure continued to play a pivotal role in sustaining economic momentum. Capital outlay increased significantly from ₹2 lakh crore in FY15 to ₹11.21 lakh crore in FY26, reflecting the Government's continued commitment on infrastructure development and long-term capacity creation. Investments in transportation networks, logistics infrastructure, urban development and other strategic sectors not only stimulated economic activity but also enhanced the economy's productive potential and competitiveness.

These long-term investments have strengthened India's infrastructure and enhanced its manufacturing competitiveness. Reflecting this structural transformation, the Economic Survey 2025-26 highlighted that global manufacturing competitiveness is increasingly driven by reliability, resilience and strategic relevance. Manufacturing currently contributes approximately 16-17% of India's GDP and provides employment to more than 27 million people.⁴

27 million+

Employment generated by manufacturing sector

The economic conditions also contributed to strengthening the labour market. As per Periodic Labour Force Survey, the Labour Force Participation Rate for persons aged 15 years and above rose to 56.1% in December 2025, while the Worker Population Ratio increased to 53.4%. The unemployment rate also declined to 4.8%, reflecting resilience in the labour

¹World Economic Outlook, April 2026, ²Research Repository, ³PIB, ⁴PIB

market. In addition, provisional payroll data from the Employees' Provident Fund Organisation recorded a net addition of 21.04 lakh members in March 2026, representing a 5.5% YoY increase.⁵

16-17%

Contribution of manufacturing to overall GDP

Inflation and Fiscal Trends

India has recorded one of the sharpest declines in headline inflation among major EMDEs. Headline inflation moderated from 4.6% in FY25 to 2.3% in FY26, supported by easing food prices, stable energy costs and proactive policy measures. To back this momentum, RBI has reduced the repo rate from 6.25% to 5.25% through a series of rate cuts, supporting credit growth, liquidity and sustaining overall economic activity.⁶

2.3%

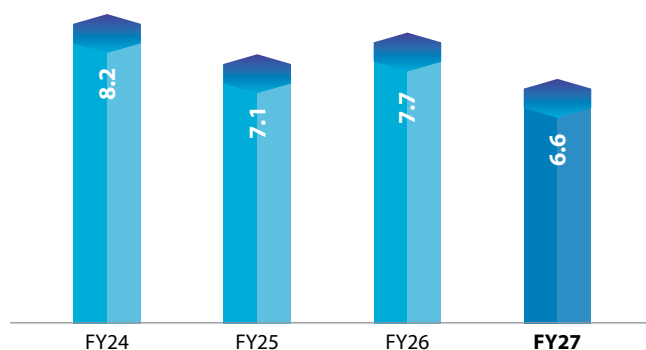
India's inflation in FY26

While monetary conditions became more accommodative, fiscal policy remained focused on balancing growth with macroeconomic stability. India's fiscal deficit stood at 7.4% of GDP in FY26 and is projected to widen marginally to 7.6% in FY27. The increase is primarily attributable to higher subsidy outlays and reduction excise duties aimed at mitigating the impact of elevated global energy prices on consumers and businesses. However, the overall fiscal impact is expected to be moderated by lower non-essential current expenditure and slower growth in public capital expenditure.⁶

7.4% of GDP

India's fiscal deficit in FY26

India's GDP Growth Trend (%)



Outlook

The RBI has projected GDP growth of 6.6% for FY27, citing the ongoing West Asia conflict, elevated energy prices and supply disruptions.⁷

However, Government's focus on infrastructure development, manufacturing schemes and digitalisation is expected to drive investment and deepened long-term growth prospects.

Looking ahead, India remains well positioned to sustain its growth momentum, supported by resilient domestic demand, rising private investment, continued public infrastructure spending, increasing adoption of digital technologies, ongoing policy reforms and favourable demographic trends.

6.6%

India's GDP growth in FY27

While the growth outlook remains favourable, headline inflation is projected to rise to 4.9% in FY27, potentially increasing import costs and exerting pressure on businesses reliant on imported inputs.⁶ India's expanding network of Free Trade Agreements (FTAs) is expected to further enhance export competitiveness and strengthen integration with global value chains.

4.9%

India's expected inflation in FY27

Private consumption may also moderate, however, GST rate reductions introduced in September 2025 are expected to partly offset these effects by increased household spending.

Alongside these domestic policy measures, India solidified its position in global trade through the following series of strategic trade agreements which focus on attracting investments and diversifying export opportunities:

- India-EFTA Trade and Economic Partnership Agreement
- India-UK Comprehensive Economic and Trade Agreement
- India-Oman Comprehensive Economic Partnership Agreement
- India-New Zealand Free Trade Agreement
- India-European Union Free Trade Agreement
- India-United States Interim Trade Agreement

Supported by strong macroeconomic fundamentals, policy continuity and sustained investments in infrastructure and manufacturing, India is expected to remain among the fastest-growing major economies globally. India's continued focus on digital transformation, advanced manufacturing, innovation

⁵PIB, ⁶India Development Update, April 2026, ⁷Economic Times (Dated: 05 June, 2026)

and export-led growth provides a favourable environment for businesses operating across telecommunications, digital infrastructure and technology-led manufacturing sectors.

Industry Overview

Indian Telecom Sector

India has emerged as the world's second-largest telecommunications market after China, driven by rapid digitalisation and expanding connectivity across India. The sector witnessed healthy growth during the year, driven by rising smartphone penetration, increasing 5G adoption, expanding digital services, government initiatives such as BharatNet and Digital India and the growing deployment of technologies, including the Internet of Things, artificial intelligence, cloud computing and enterprise connectivity.⁸

The sustained growth of the sector was reflected in continued expansion across key telecom indicators. The total number of telephone subscribers increased to 134.31 crore as of May 2026, representing a growth of ~10.8%. Broadband subscribers rose to 108.02 crore as of May 2026 from 94.41 crore in FY25, registering a growth of 14.4%. This growth was supported by digital inclusion, continued investments in telecom infrastructure and the increasing adoption of advanced technologies such as 5G, fiber-to-the-home and fixed wireless access.⁹

134.31 crore

Telephone subscribers as of May 2026

108.02 crore

Broadband subscribers as of May 2026

The composition of the subscriber base also strengthened. Of the total internet subscriber base, broadband subscribers accounted for 106.59 crore, while narrowband subscribers stood at 2.69 crore. Wireless internet subscribers reached 104.63 crore from 93.95 crore subscribers in FY25, with wired internet subscribers at 4.65 crore, reflecting the continued adoption of high-speed broadband connectivity.

The expanding subscriber base also resulted in higher network utilisation and improved monetisation. Average Revenue Per User (ARPU) for wireless services increased by approximately 7.1% to ₹196.04 in FY26 from ₹182.95 in FY25. During the year, total wireless data consumption increased to 2,85,376 PB from 2,28,779 PB, reflecting growth in data consumption and digital usage. Average monthly minutes of usage per subscriber moderated marginally from 1,026 minutes to 1,017 minutes.

2,85,376 PB

Total wireless data consumption

₹196.04

Monthly ARPU in FY26



⁸PIB, ⁹ Telecom Regulatory Authority of India

PB: Petabyte

Growth remained broad-based across both urban and rural markets. Total telephone subscriptions grew from 120.08 crore in FY25 to 134.31 crore in FY26, registering a growth of ~11.85%. Urban subscriptions increased by 18.25%, from 66.61 crore in FY25 to 78.77 crore in FY26, with urban tele-density increasing from 131.45% to 152.80%, whereas rural subscriptions rose from 53.47 crore in FY25 to 55.54 crore in FY26. Rural tele-density improved from 59.06% to 60.83%. Overall tele-density increased from 85.04% to 94.02%, reflecting expansion of the subscriber base alongside population growth.⁹

78.77 crore

Telephone subscriptions in urban areas in FY26

55.54 crore

Telephone subscriptions in rural areas in FY26

Key Growth Drivers

Accelerating 5G Rollout

The rapid rollout of 5G is accelerating demand for advanced telecom infrastructure and switching solutions. As of December 2025, 5G services were available across 99.9% of India's districts, supported by 5.18 lakh 5G base transceiver stations, including deployments in 1.12 lakh villages. The expansion of high-speed mobile networks is driving demand for low-latency, high-capacity networking and switching technologies.

Expanding Digital Access

India continues to expand digital access across rural and underserved regions through an extensive digital public infrastructure. With over 6.5 lakh common service centres and 1.6 lakh post offices, digital inclusion is improving access to public services. Technology-led governance is driving greater efficiency, transparency and citizen convenience, while platforms such as DigiLocker and the National Single Sign-On ecosystem are enabling seamless, paperless access to government services.¹⁰

Electronics Manufacturing Growth

India's electronics manufacturing industry has witnessed significant expansion, with production increasing from ₹1.9 lakh crore in FY15 to approximately ₹12 lakh crore by March 2026. As the world's second-largest mobile phone manufacturer, India strengthens its position within global electronics value chains. This structural growth is expected to drive sustained demand for electronic components, optical connectivity and advanced networking equipment.

~₹12 lakh crore

Electronics production as of March 2026

Telecom Expansion

India's telecom industry is playing a pivotal role in India's digital transformation. The widespread adoption of 5G, cloud computing, artificial intelligence, digital payments, e-commerce and OTT platforms is driving higher network traffic and expanding the digital ecosystem. With India's AI market projected to reach \$131.31 billion by 2032 at a CAGR of 42.2%, the demand for robust telecom networks, advanced digital infrastructure and enhanced data centre capacity is expected to increase significantly.¹¹

\$131.31 billion

Expected India's AI market by 2032

Affordable Internet Access

India's internet subscriber base reached 109.28 crore as of March 2026, supported by the widespread availability of affordable smartphones, low-cost mobile data and investments in digital infrastructure. Rising rural internet penetration coupled with expanding mobile broadband access is extending the digital footprint and accelerating the adoption of digital services and digital payments.

Government Initiatives

Government initiatives continue to accelerate the development of India's telecom sector through sustained investments in innovation, digital infrastructure and domestic manufacturing. Programmes such as the IndiaAI Mission, National Quantum Mission, the R&D and Innovation Fund and AI-enabled platforms such as Bharat-VISTAAR are supporting the development of next-generation telecom technologies while strengthening the Country's digital infrastructure ecosystem.

Optical Fiber Cable Industry

The global optical fiber and optical fiber cable (OFC) industry is witnessing a structural transformation, driven by both traditional telecommunications investments and the emergence of next-generation digital infrastructure. While telecom network expansion continues to underpin demand, the rapid adoption of Artificial Intelligence (AI), hyperscale data centres, cloud computing and high-performance computing (HPC) is creating a significant new avenue for long-term growth.

⁹ Telecom Regulatory Authority of India, ¹⁰PIB, ¹¹PIB

AI-enabled applications and data-intensive workloads require the transfer of massive volumes of data at extremely high speeds with minimal latency and high reliability. As a result, optical fiber has become a critical enabler of AI infrastructure, hyperscale data centres, cloud platforms and advanced computing environments. This shift is expected to drive sustained demand for high-performance optical connectivity solutions and advanced optical communication products over the coming decade.

Alongside these emerging demand drivers, continued investments in telecom infrastructure remain a key pillar of industry growth. Ongoing deployment of 5G networks, expansion of FTTH and broadband services, enterprise fiberisation, rural connectivity initiatives, public digital infrastructure programmes and telecom network modernisation continue to require extensive fiber deployment across geographies.

Governments worldwide are increasingly prioritising digital inclusion and broadband penetration through large-scale fiber infrastructure programmes. In India, flagship initiatives such as BharatNet, accelerated 5G deployment, increasing FTTH adoption and growing enterprise fiberisation are generating substantial demand for optical fiber and OFC products.

Internationally, markets across North America, Europe, the Middle East and Asia-Pacific are witnessing significant investments in telecom modernisation, broadband infrastructure, hyperscale data centres and AI-enabled digital ecosystems, further strengthening industry growth prospects.

India's optical fiber cable and telecom accessories industry gained momentum, supported by the Government's Atmanirbhar Bharat and 'Local for Global' initiatives. Growth was underpinned by the expansion of Digital India, BharatNet Phase III, 5G rollouts, data centre investments and rising demand for high-speed broadband connectivity. Reflecting this sustained infrastructure development, India's optical fiber cable network expanded from 19.35 lakh route kms in 2019 to 42.36 lakh route kms as of September 2025.¹²

Building on this strong foundation, the optical fiber and telecom accessories industry is well positioned for sustained long-term growth. Rising investments in telecom networks, data centres, AI infrastructure and broadband connectivity are expected to remain the key demand drivers. The global market is projected to grow at a 7.4% CAGR, increasing from \$21.5 billion in FY25 to \$35.5 billion by FY32. The Indian market is expected to expand at a 10.1% CAGR, rising from \$1.4 billion to \$2.7 billion over the same period. This favourable outlook presents significant opportunities for manufacturers of optical fiber and connectivity solutions.

\$2.7 billion

India market size by FY32

\$35.5 billion

Global market size by FY32

10.1% CAGR

Projected Indian market CAGR during FY25-FY32

7.4% CAGR

Projected global CAGR during FY25-FY32

Key Growth Drivers

AI-driven Data Centre Expansion

India's data centre industry is set for rapid growth, with capacity expected to increase from 1.5 GW in 2025 to 8-10 GW by 2030, supported by nearly ₹1.5 lakh crore of investments through FY30. The rapid adoption of AI is expected to accelerate demand for optical fiber, with AI GPU racks requiring nearly 36 times more fiber than conventional CPU racks. Continued investments by global hyperscalers are expected to create long-term growth opportunities across the optical connectivity ecosystem.



~₹1.5 lakh crore

Estimated investments to be made in India by 2030

¹²PJIB

Increasing Investments in Fiber Infrastructure

The growing demand for high-speed, reliable connectivity continues to accelerate investments in optical fiber infrastructure. Rapid digitalisation is increasing the need for high-bandwidth, low-latency networks capable of supporting data intensive applications. The demand is being reinforced by the rollout of 5G services, rapid expansion of data centres, smart city initiatives and Government programmes such as BharatNet Phase III and Digital India.

Bharat Net Driving Broadband Expansion

BharatNet plays a central role in expanding broadband connectivity across rural India. As of February 2026, more than 2.17 lakh Gram Panchayats had been made service-ready under the programme. The BharatNet Phase III initiative is further accelerating network expansion through the upgradation of Phase I and Phase II infrastructure, while extending connectivity to the remaining Gram Panchayats and underserved villages. In addition, the Government has commissioned over 24,000 mobile towers in remote and rural areas under the 4G Saturation Project, further strengthening digital connectivity across India.¹³

The ongoing implementation of BharatNet Phase III is expected to create substantial opportunities for the telecom infrastructure ecosystem. Furthermore, several state-led broadband and digital connectivity initiatives are anticipated across states such as Gujarat, Maharashtra, Jharkhand and Andhra Pradesh, with additional tenders expected to be floated in the coming years. These projects are likely to generate significant opportunities across the EPC, Optical Fiber Cable and telecom equipment segments. Given its proven execution capabilities, comprehensive product portfolio and strong track record in large-scale digital infrastructure projects, HFCL is well positioned to participate in and benefit from these emerging opportunities.

24,000

Mobile towers in remote and rural areas

Rising Telecom Penetration

India's telecommunications sector has witnessed sustained structural growth, driven by increasing connectivity, affordable data services and rapid digital adoption. Tele-density has risen from 75.23% to 94.02%, while widespread availability of low-cost wireless data has increased internet usage. With 5G services now available in 99.9% of districts, India's expanding digital ecosystem continues to drive sustained demand for next-generation telecom infrastructure.¹⁴

94.02%

India's tele-density

Expanding Demand for Fiber-enabled Defence Systems

The increasing adoption of fiber-guided military UAVs are emerging as a new demand driver for optical fiber. Fiber-guided systems use optical fiber to deliver high-bandwidth, ultra-low-latency communications while remaining resilient to electronic warfare and signal jamming. Military UAV applications are estimated to consume 50-100 million fiber kilometre (fkm) of optical fiber annually, representing 12-15% of global demand. This emerging application presents a high-value growth opportunity for optical fiber manufacturers, supported by premium product realisations.

Telecom and Networking Equipment

HFCL's Telecom and Networking Products business is focused on delivering secure, carrier-grade and future-ready networking solutions that enable telecom operators, enterprises, hyperscalers and government customers to build high-performance digital infrastructure. The Company's portfolio spans next-generation Wi-Fi 6/7 access points, IP/MPLS routers, Ethernet L2/L3 switches, Unlicensed band radios, Fixed Wireless Access (FWA) customer premises equipment (CPE) and AI-driven cloud-native network management platforms.

HFCL remains well positioned to capitalise on the growing demand for next-generation connectivity solutions, driven by the rapid adoption of 5G, cloud computing, AI-enabled applications and enterprise digital transformation initiatives. Backed by strong in-house R&D capabilities, a robust portfolio of indigenous intellectual property and deep domain expertise, the Company continues to develop innovative, future-ready solutions that address evolving customer requirements across telecommunications, enterprise and digital infrastructure markets.

With its integrated strengths in product innovation, software development and system integration, HFCL is uniquely positioned to deliver secure, scalable and intelligent networking solutions. This comprehensive approach enables customers to accelerate network modernisation, improve operational efficiency, enhance user experience and reduce deployment complexity. Supported by favourable industry trends and a strong execution focus, HFCL remains confident in its ability to drive sustainable growth, strengthen its market position and create long-term value for all stakeholders.

¹³PIB, ¹⁴PIB

Key Growth Drivers



Rapid 5G Expansion: Investments in 5G network deployment and capacity enhancement are driving demand for advanced networking infrastructure, including IP/MPLS routers, Carrier Ethernet switches, Wi-Fi solutions, wireless backhaul systems and Fixed Wireless Access (FWA) equipment. The increasing adoption of private 5G networks is further expanding opportunities across enterprise and industrial segments.



AI, Cloud and Data Centre Investments: Increasing deployment of hyperscale data centres and AI infrastructure is accelerating the need for high-capacity, low-latency networking equipment and intelligent network management platforms.



Enterprise Digital Transformation: Enterprises are increasingly investing in cloud-managed networks, software-defined networking (including SD-WAN), hybrid workplace connectivity and AI-driven network automation. These trends are driving sustained demand for secure, scalable and intelligent networking solutions that improve performance, visibility and operational efficiency.



Broadband Expansion and FWA Adoption: Rising broadband penetration, particularly in fiber-constrained and underserved areas, along with increasing deployment of 5G FWA, is driving demand for indoor and outdoor FWA CPE solutions and related broadband access solutions.



Smart Cities, Industrial Automation and IoT: Increasing deployment of IoT-enabled infrastructure, Industry 4.0 applications, smart campuses, transportation systems and smart city projects is creating significant opportunities for Wi-Fi access points, Ethernet switching solutions, wireless backhaul networks and integrated connectivity platforms.



Government-led Digital Infrastructure Initiatives: Programmes such as BharatNet and nationwide broadband expansion continue to create opportunities for HFCL's networking portfolio, particularly in rural connectivity and telecom infrastructure deployment.



Growing Preference for Indigenous Telecom Equipment: Growing emphasis on network security, supply chain resilience and technological self-reliance, supported by government initiatives promoting indigenous manufacturing and trusted telecom products, is expected to accelerate adoption of HFCL's domestically designed and developed networking and communication solutions.

Defence Sector

India's defence sector has witnessed growth, driven by the Atmanirbhar Bharat and Make in India initiatives, which have accelerated the shift towards indigenous manufacturing and reduced reliance on imports. The sector underwent a profound transformation, expanding domestic manufacturing capacity and enhancing its global competitiveness.

Policy reforms, including the Defence Procurement Manual 2025, the SRIJAN initiative and liberalised FDI norms, have bolstered domestic manufacturing by encouraging greater participation from private enterprises, MSMEs and start-ups. The Defence Research and Development Organisation (DRDO) also accelerated indigenous technology development through closer collaboration with industry.

Complementing these efforts, the Defence Acquisition Council (DAC), India's apex defence procurement body, has

played a pivotal role in advancing the Atmanirbhar Bharat initiative in defence. Through reforms under Defence Acquisition Procedure 2020, the DAC has prioritised indigenous procurement, domestic manufacturing and higher indigenous content. DAC has accorded Acceptance of Necessity (AoN) for DRDO-designed and Indian industry-manufactured systems worth over ₹6 lakh crore, many of which have been inducted or are under induction.

Accelerating Defence Modernisation

Aligned with the vision of *Viksit Bharat @ 2047*, India is advancing defence modernisation and expanding domestic defence manufacturing capabilities. India's defence sector witnessed sustained growth, supported by higher budgetary allocations, increased indigenous production and a strong policy focus on self-reliance. The defence budget has increased from ₹2.53 lakh crore in FY14 to a record ₹7.85 lakh crore in FY27, accounting for 14.67% of the Union Budget and marking a three-fold increase over the period.^{15, 16}

¹⁵PIB, ¹⁶PIB

₹7.85 lakh crore

India's defence budget for FY27

Driven by the Atmanirbhar Bharat initiative, indigenous defence production reached ₹1.78 lakh crore in FY26, registering a 15.6% YoY increase, while defence exports surged from ₹686 crore in FY14 to a record ₹38,424 crore in FY26, with Indian defence products now exported to more than 80 countries. India's defence exporter base has expanded to 145 firms, reflecting broader industry participation and growing global confidence in indigenous defence systems and technologies. The Government has set a target of ₹50,000 crore in defence exports by 2029, reinforcing India's ambition to emerge as a leading global defence exporter.

₹1.78 lakh crore

Indigenous defence production in FY26

₹38,424 crore

Defence exports in FY26

₹50,000 crore

Target of defence exports by 2029

Reflecting the emphasis on innovation and technological capability, defence research and development organisation budget allocation has increased from ₹26,816.82 crore in FY26 to ₹29,100.25 crore in FY27, with ₹17,250 crore is allocated for capital expenditure. The increased investment is expected to support the development of advanced defence technologies and India's self-reliance in the sector.

FDI Boost for the Defence Sector

To strengthen domestic defence manufacturing, Foreign Direct Investment (FDI) of up to 74% is permitted under the Automatic Route and up to 100% under the Government Route. The defence sector attracted FDI inflows of ₹6,670.59 crore as of March 2026, supported by initiatives promoting co-development and co-production with foreign OEMs.¹⁷

Key Growth Drivers

Increasing Global Investments in Defence

Heightened geopolitical tensions are driving a sustained increase in global defence spending and military modernisation. With NATO countries increasing defence expenditure to over 2% of GDP and increasing investments in digital warfare, demand for next generation defence solutions are expected to accelerate. This expanding opportunity is reflected in an estimated TAM of \$726.4 billion, creating long-term growth potential.

Expanding International Defence Cooperation

India's expanding defence diplomacy is creating new opportunities for the domestic defence industry through stronger international partnerships, technology collaborations and joint manufacturing initiatives. Strategic engagements with leading global defence partners, coupled with active participation in multilateral platforms, are fostering collaborations across technology development, industrial capability enhancement and defence manufacturing.

Expanding Export Opportunities in Defence

Defence exports have increased significantly from ₹686 crore in FY14 to a record ₹38,424 crore in FY26, with indigenous defence products now reaching more than 80 countries. Supported by the Make in India initiative, domestic production now accounts for nearly 65% of defence equipment. With the Government targeting defence exports of ₹50,000 crore by 2029, growing global acceptance of Indian defence technologies is expected to support sustained export-led growth.

65%

Share of indigenous defence production

Supporting India's Defence Manufacturing Ecosystem

India strengthens its defence manufacturing ecosystem through sustained increases in defence expenditure and capital investment. India's defence budget has grown from ₹2.53 lakh crore in FY14 to ₹7.85 lakh crore in FY27. Capital expenditure has also increased rising from ₹94,588 crore in FY15 to ₹2.19 lakh crore in FY27, with investments focused on the acquisition of advanced military platforms, infrastructure development and next-generation defence capabilities.¹⁸

₹2.19 lakh crore

Defence capital outlay (FY27)

¹⁷PIB, ¹⁸PIB



Defence Industrial Corridors Accelerating Growth

India's Defence Industrial Corridors strengthen the manufacturing ecosystem. The Uttar Pradesh Defence Industrial Corridor had attracted investment commitments of ₹42,057 crore, with ₹4,409 crore already grounded, supported by the establishment of the Defence Technology and Test Centre. The Tamil Nadu Defence Industrial Corridor secured investments worth ₹32,699 crore, with ₹6,446 crore already invested. These corridors are expanding manufacturing capacity, accelerating infrastructure development and creating long-term growth opportunities for India's defence industry.¹⁹

DRDO Partnerships Advancing Domestic Capabilities

DRDO's Development cum Production Partner model focuses on indigenous defence manufacturing by partnering with public and private sector companies for technology transfer and production. As of March 2026, 134 companies had partnered with DRDO, 2,180 technology transfer agreements had been executed and 2,780+ intellectual property rights had been opened for industry use, accelerating domestic innovation and manufacturing capabilities.²⁰

Enabling Indigenous Defence Manufacturing

The MAKE framework, introduced under the Defence Procurement Procedure (DPP), 2006 and subsequently refined under successive defence procurement policies, promotes indigenous defence manufacturing through three procurement categories:

MAKE-I: Government-funded projects (up to 70%, prototype development support capped at ₹250 crore per Development Agency), minimum 50% indigenous content.

MAKE-II: Industry-funded projects focused on import substitution with a minimum indigenous content requirement of 50%.

MAKE-III: Manufacturing via foreign transfer of technology, requiring at least 60% IC.

As of March 2026, 139 projects are underway:²¹

MAKE-I	37
MAKE-II	99
MAKE-III	3

Business Performance Review

HFCL delivered a strong financial performance in FY26, marked by significant growth across key financial metrics. Revenue from operations increased by 21.77% to ₹4,949.27 crore, compared with ₹4,064.52 crore in FY25. EBITDA witnessed a substantial 63.15% increase, rising from ₹506.75 crore to ₹826.75 crore, while the EBITDA margin expanded from 12.47% to 16.70%.

The strong operating performance translated into even sharper growth in profitability. Profit Before Tax (PBT) increased by 97.46% to ₹427.68 crore from ₹216.59 crore in FY25. Profit After Tax (PAT) rose significantly to ₹329.44 crore from ₹173.26 crore during the year, while the PAT margin expanded from 4.26% to 6.66%. Earnings per share also increased sharply from ₹1.23 to ₹2.13, reflecting stronger earnings, improved operating leverage and enhanced overall financial performance during FY26.

Enabling Sustainable Revenue Growth and Profitability

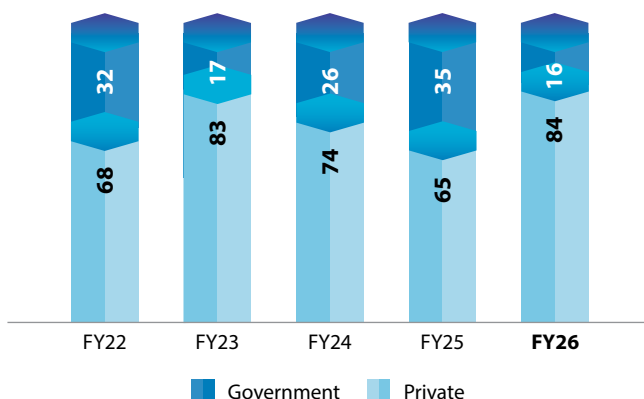
Strengthening the Private Sector Mix

HFCL is focusing on its customer portfolio by increasing its focus on higher-margin private sector clients and expanding market-aligned offerings. This strategic shift is driven by refined go-to-market strategies, an optimised product portfolio and closer alignment with evolving market trends and customer requirements. This strategic shift is ensuring the quality of revenue, increasing profitability and supporting sustainable long-term growth.

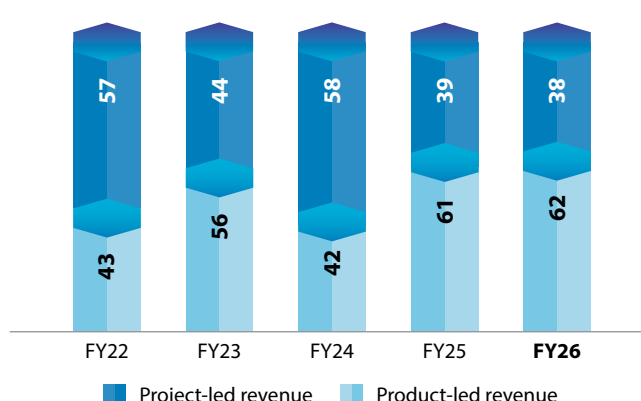


¹⁹PIB, ²⁰PIB, ²¹DDP

Revenue Share from Private Customers (%)



Shift towards Product-led Revenue (%)



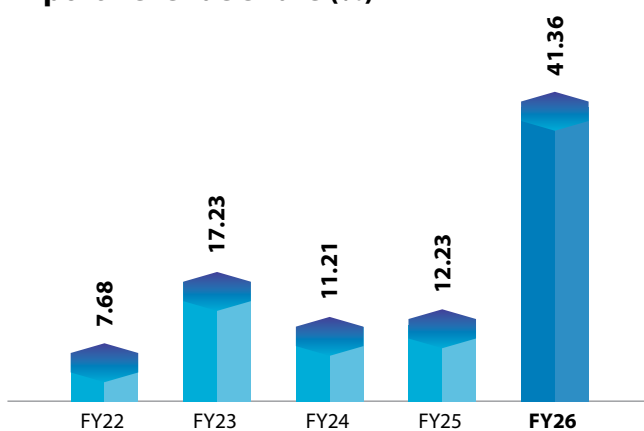
Driving Product-led Growth

HFCL continues to advance its transition towards a product-led business model by progressively reducing its dependence on low-margin turnkey projects. The Company is increasing its focus on scalable and high-value product offerings that enhance margins and revenue visibility and strengthen operating resilience. This strategic shift supports long-term value creation while building a more resilient and profitable business model.

Expanding Export-led Revenue

The Company continues to strengthen its export strategy by expanding its global customer base, increasing market penetration and diversifying revenue streams to support sustainable long-term growth. During FY26, HFCL witnessed growing acceptance of its products across international markets, including among leading hyperscalers and data centre operators.

Export Revenue Share (%)



50%+

Export's estimated contribution to total revenue from FY27 onwards

Optical Fiber Cable and Optical Fiber

Capacity Expansion to Support Future Demand

HFCL is expanding its optical fiber and optical fiber cable manufacturing capacities to address the growing demand from data centres, hyperscalers and AI-driven network modernisation.

The Company is currently undertaking an ongoing capacity expansion programme, pursuant to which its OF manufacturing capacity is being enhanced from 28.0 million fkm per annum to 33.90 million fkm per annum and its OFC manufacturing capacity from 34.0 million fkm per annum to 42.36 million fkm per annum. These expansion programmes are expected to be completed by December 2026.

The Board has now approved an additional capacity expansion of 4.60 million fkm per annum in OF and 14.0 million fkm per annum in OFC capacities, which will take the Company's total OF manufacturing capacity to 38.50 million fkm per annum and OFC manufacturing capacity to 56.36 million fkm per annum upon completion of these expansion programmes. The proposed expansions are expected to be completed by July 2028.

The proposed expansions will strengthen HFCL's manufacturing capabilities and enable the Company to effectively address the growing requirements of domestic and international customers. The expansion is expected to enhance operational efficiencies, improve economies of scale, strengthen supply chain resilience, support the Company's export growth strategy and enable greater value creation through its integrated manufacturing platform and backward integration initiatives. The investment will further reinforce HFCL's position as a leading global manufacturer of optical communication products.

Quality Compliance and Certification

Optical fiber facility at Hyderabad with its quality, compliance and operational excellence framework achieved ISO 10002:2018 certification for Customer Satisfaction and Complaints Management and ISO/IEC 27701:2019 certification



for Privacy Information Management. The facility also secured fire-resistance certification along with CE and UKCA compliance for its cable products.

The Goa manufacturing facility enhanced its technical capabilities by securing the prestigious TDAP certification from the VDE Institute, Germany. In addition, both the Hyderabad and Goa facilities obtained NABL accreditation for Optical Fiber and Optical Fiber Cable testing, reinforcing the Company's testing and quality assurance capabilities.

The Company also upgraded its Business Continuity Management System to ISO 22301:2019, while maintaining globally recognised certifications, including ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety), ISO 9001:2015 (Quality Management) and CMMI-DEV Level 3 (Development Process Maturity).

HFCL's optical fiber products also received GR-20 Telcordia certification from Ericsson Network Integrated Solutions, supporting the Company's expansion in the North American market. Recognising its manufacturing excellence, the Hyderabad Optical Fiber Facility was also awarded the Frost & Sullivan Indian Manufacturing Excellence Award - Silver Merit Award.

These achievements underscore HFCL's unwavering commitment to global quality standards, operational resilience, product reliability and manufacturing excellence.

Driving Export-led Growth

During FY26, the Company secured a landmark long-term Optical Fiber Cable supply contract valued at approximately \$1.1 billion (₹10,159 crore), providing strong multi-year revenue visibility. The order represents one of the largest contracts secured by an Indian telecom company and reflects growing global competitiveness of HFCL's optical connectivity solutions. Continued order wins across domestic and international markets further demonstrate sustained demand for HFCL's OFC portfolio.

The Company's exports business continued to gain momentum during the year, with more than 70% of cable production now catering to international markets. Export revenue contribution increased to 41.36% in FY26, compared with 12.23% in FY25, demonstrating growing global acceptance of HFCL's products. Supported by optical fiber cable and connectivity solutions total order book of ₹16,235 crore, including ₹13,777 crore from export orders as on June 30, 2026, HFCL remains focused on diversifying its international footprint, expanding its global customer base and building a resilient, internationally competitive business.

₹26,665 crore*

Total order book

*as of June, 2026

41.36%

Export's contribution to revenue

Expanding the Portfolio of High-value Solutions

Backed by sustained R&D-led innovation, HFCL continues to expand its portfolio of differentiated products that support margin expansion, working capital efficiency and deeper customer engagement. Recent additions to the portfolio include Outdoor/Indoor IBR Cables, the HFCL special A2-Fiber for IBR cables and HFCL Eka Fiber, alongside advanced Optical Fiber Cable and interconnect solutions designed for hyperscalers and data centres. The Company is actively supplying high-fiber-count optical fiber cables to leading hyperscalers, with products ranging from 864 fiber counts to 3,456 fiber counts, addressing the increasing bandwidth and connectivity requirements of AI-driven data centres. Further strengthening its technology leadership, HFCL has successfully developed an industry-leading 6,912-fiber-count optical fiber cable. The Company is also progressing the development of Hollow Core Optical Fiber, reinforcing its commitment to next-generation optical networking technologies.

Telecom and Networking Products and Turnkey Solutions

HFCL is strengthening its position in next-generation telecom products and network solutions through a strong focus on innovation, indigenous product development and end-to-end large-scale project execution expertise. Leveraging its in-house R&D expertise and extensive industry experience, the Company has built a strong track record of delivering large-scale and complex telecom infrastructure projects across India and international markets.

HFCL has established a significant presence across key growth areas, including BharatNet, optical transport networks, fiber-to-the-home (FTTH) deployments, mobile backhaul networks, in-building connectivity solutions, nationwide optical fiber networks and advanced Wi-Fi infrastructure. The Company also has a strong footprint in government, defence and strategic communication networks, supported by its comprehensive portfolio of telecom products and network solutions.

With capabilities spanning product design and manufacturing, network solutions, system integration and turnkey project execution, HFCL is well positioned to benefit from the accelerating expansion of digital infrastructure, broadband connectivity and next-generation communication technologies. Its ability to deliver integrated, high-quality and indigenously developed solutions provides a strong foundation for sustainable growth and long-term value creation.

The key products offered by the Company are outlined below:

- 5G Indoor and Outdoor FWA CPE
- Ethernet L2/L3 Switches
- IP/ MPLS Routers
- Indoor and Outdoor Wi-Fi 6 and 7 Access Points
- AI driven Cloud-native Network Management Platform
- Cloud native agentic AI Element Management and Network Management System for IP/MPLS Routers
- Medium to High-Capacity Long-range Unlicensed Band Radios

Building a High-quality Order Book

HFCL continues to expand its Telecom Equipment and EPC businesses, driven by a disciplined approach to profitable, high-quality growth. The Telecom Equipment business maintains an order book of ₹804 crore, reflecting sustained demand for the Company's next-generation networking solutions. The EPC and System Integration business has an order book of ₹6,620 crore, underpinned by a selective bidding strategy that prioritises quality over quantity, value-accretive projects and disciplined capital allocation.



₹6,620 crore

EPC and System Integration order book

Enabling Digital Inclusion through BharatNet

HFCL reinforced its leadership in India's digital infrastructure segment by securing BharatNet Phase III contracts worth over ₹2,666 crore from Rail Vikas Nigam Limited (RVNL). The contracts relate to the implementation of the BharatNet Phase III project in the Uttar Pradesh (West) Telecom Circle. The contracts is in addition to the earlier contracts aggregating ₹2,168 crore awarded by RVNL to the Company for BharatNet Phase III projects in the Uttar Pradesh (East) and Uttar Pradesh (West) Telecom Circles.

₹7,335 crore

HFCL's contract value in BharatNet Phase III

Building on its successful execution of earlier BharatNet phases, HFCL is well positioned to participate in the upcoming project opportunities across the remaining telecom circles, where projects worth over ₹50,000 crore are under various stages of award. The Company supported the Government's Digital India vision by delivering large-scale, mission-critical broadband infrastructure and bridging the digital divide across underserved regions.

Advancing Standards and Future Technologies

HFCL continues to enhance its technology leadership through sustained investments in advanced research and development, with a strategic focus on next-generation technologies such as Wi-Fi 7, Wi-Fi 8, AI-driven wireless networking, 5G Advanced and emerging 6G platforms. These investments are aimed at expanding the Company's intellectual property portfolio, accelerating innovation and strengthening its competitive advantage in the rapidly evolving connectivity ecosystem.

Aligned with the Government of India's Atmanirbhar Bharat vision, HFCL remains committed to designing, developing and manufacturing world-class networking and communication solutions in India. By leveraging its strong in-house R&D capabilities and indigenous technology expertise, the Company is playing a pivotal role in supporting India's growing digital infrastructure requirements while reducing dependence on imported technologies.

HFCL is also well positioned to benefit from increasing investments in strategic sectors such as defence, homeland security, critical communications and national digital infrastructure. With a comprehensive portfolio of trusted, secure and high-performance networking solutions, the Company is addressing the growing demand for integrated, Made in India technologies that deliver superior reliability, resilience and cybersecurity. Backed by innovation, execution excellence and a strong technology roadmap, HFCL remains confident of capitalising on emerging opportunities and creating long-term value for its stakeholders.



Product Highlights

IP/MPLS Routers

HFCL has successfully developed indigenous Multi-Protocol Label Switching (IP/MPLS) routers, specifically designed for 5G backhaul and enterprise networks. Engineered for rugged environments and dual-use applications across civil and defence sectors, these routers represent a step towards enhancing indigenous networking capabilities. HFCL has secured opportunities for deployment of more than 80,000 IP/MPLS routers under BharatNet, demonstrating the Company's ability to deliver high-performance, scalable technologies that address both domestic and international requirements. During the year, HFCL demonstrated strong execution capabilities by delivering and deploying approximately 17,000 routers within four months, enabling rapid broadband rollouts across multiple geographies. HFCL routers are being operationalised across multiple telecom circles in partnership with leading project implementation agencies (PIAs) and system integrators. Building on successful execution and product performance, HFCL continues to secure additional deployment opportunities through BharatNet ecosystem partners.

FWA CPE

HFCL is the first Indian company to develop and commercially launch a 5G Fixed Wireless Access (FWA) Customer Premises Equipment (CPE), marking a significant milestone in 5G connectivity. HFCL has successfully delivered more than 8 lakh 5G FWA CPE units to a leading Indian telecom operator.

Expanding Defence Capabilities

HFCL continues to strengthen its position in the domestic defence sector by expanding its manufacturing footprint and advancing indigenous technology capabilities. The Company is establishing a defence manufacturing facility spanning 1,000 acres in Andhra Pradesh (with 329 acres already allotted) to support scalable, long-term growth. The defence business is expected to deliver a meaningful enhancement in operating performance, with revenue targeted to increase to ₹500 crore in FY27 from ₹77 crore in FY26.

₹500 crore

Target revenue from defence in FY27

Backed by technology transfers from DRDO, a growing portfolio of proprietary intellectual property, including electronic fuzes, thermal weapon sights and thermal imaging cores, and an integrated defence platform spanning aerostructures, aeronautics, radar and thermal systems, HFCL is expanding into higher value-added defence and aerospace solutions. The Company is also leveraging its expertise in

secure communication networks, including nationwide MPLS, DWDM and GSM-based fiber monitoring systems, to capitalise on growing domestic and global defence opportunities. The key products are:

Electronic Warfare

- Electronic Fuze
- Thermal Imaging Core (TI Core)
- Thermal Weapon Sights (TWS)

Ammunition

- Multi Mode Hand Grenade

Communication System

- High-capacity Radio Relay
- Tactical Cables for defence surveillance
- Surveillance Radars

Aerospace

- Aerospace Solutions (through proposed business being acquired)

Scaling Up the Defence Order Pipeline

HFCL continues to strengthen its defence order pipeline, which is approximately ₹2,189 crore, including ~ ₹1,890 crore of export opportunities through the proposed aerospace business acquisition. During the year, the Company secured orders for indigenously developed thermal cameras and drone detection radar systems, while also signing a Memorandum of Understanding for the proposed acquisition of the aerospace business, further strengthening its long-term growth platform.

Financial Review (Consolidated)

Revenue from Operations

The Company recorded a revenue from operations of ₹4,949.27 crore in FY26, registering a growth of 21.8% over ₹4,064.52 crore in FY25.

Other Income

The Other income stood at ₹65.25 crore in FY26 as against ₹57.76 crore in FY25.

Total Income

The Company's total income for FY26 increased to ₹5,014.52 crore, from ₹4,122.28 crore in FY25. This increase was primarily driven by higher revenue from optical fiber cable business, coupled with increase in global demand.

Additionally, higher other income contributed to the overall growth in total income during the year.

Total Expenses (other than Depreciation and Finance Cost)

The total expenses in FY26 amounted to ₹4,187.77 crore, compared to ₹3,615.53 crore in FY25. The increase in expenses was driven by higher revenue generation during the period.

Earning before Interest, Tax, Depreciation and Amortisation (EBITDA) and EBITDA Margin

EBITDA increased by 63.2% to ₹826.75 crore in FY26 from ₹506.75 crore in FY25. The EBITDA margin improved to 16.70% from 12.47% in the previous year, primarily driven by higher utilisation of the Company's Optical Fiber Cable manufacturing facilities.

Depreciation and Finance Cost

Depreciation expenses have increased to ₹157.38 crore in FY26 from ₹105.51 crore in FY25, while finance costs also increased to ₹242.06 crore in FY26 from ₹185.01 crore in FY25.

Share of Net Profits/Loss of Jointly Controlled Entities

The share of net profits from Jointly Controlled Entities, stood at ₹0.37 crore in FY26, increased from ₹0.36 crore in FY25.

Profit Before Tax (PBT) and PBT Margin

PBT increased by 97.5% to ₹427.68 crore in FY26 from ₹216.59 crore in FY25. The PBT margin improved to 8.64% from 5.33%

in the previous year, driven by higher revenues, a favourable product mix, improved operating efficiencies and better capacity utilisation.

Tax and Profit After Tax (PAT)

Tax expense stood at ₹98.24 crore in FY26, compared to ₹43.33 crore in FY25. PAT increased by 90.1% to ₹329.44 crore in FY26 from ₹173.26 crore in FY25. The PAT margin also improved to 6.66% from 4.26% in FY25, reflecting stronger profitability during the year.

Other Comprehensive Income and Total Comprehensive Income

Other Comprehensive Loss reduced to ₹29.12 crore in FY26 from ₹35.83 crore in FY25. Consequently, Total Comprehensive Income increased by 118.5% to ₹300.32 crore in FY26 from ₹137.43 crore in FY25. The improvement in Other Comprehensive Income was primarily attributable to changes in the fair value of investments held by the Company in a listed entity, reflecting market movements during the year.

Earnings Per Share (EPS) - Diluted

EPS increased by 73.2% to ₹2.13 in FY26 from ₹1.23 in FY25, in line with the growth in the Company's profitability during the year.



Dividend

The Board of Directors of the Company has recommended a final dividend @20%, i.e. ₹0.20 (Twenty paise) per equity share of face value ₹1 each for FY26 subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company.

Net Worth

The Company's net worth increased to ₹4,948.59 crore from ₹4,119.32 crore in the previous year.

Debt

The Debt in FY26 stood at ₹1,713.37 crore against ₹1,341.06 crore in FY25.

Order Book

The Company has a healthy consolidated order book of more than ₹21,200 crore as on March 31, 2026, providing clear visibility of earnings for the coming years. The order book comprises high-margin O&M contract order worth ₹3,508 crore.

Capital Structure

Authorised Share Capital

As on March 31, 2026, the Authorised Share Capital of the Company stood at ₹760 crore (Rupees Seven Hundred Sixty Crore only) divided into 510 crore (Five Hundred Ten Crore) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crore (Rupees Five Hundred Ten Crore only) and 2.50 crore (Two Crore Fifty Lakh) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crore (Rupees Two Hundred Fifty Crore only).

Paid-up Share Capital

As on March 31, 2026, the paid-up equity share capital of your Company stood at ₹153.06 crore comprising of 153,06,02,463 equity shares of face value of ₹1/- each.

Qualified Institutions Placement

In order to meet funding requirements, inter-alia, for capital expenditure towards capacity expansion of optic fiber and optic fiber cables; funding expenditure on research & development initiatives, including acquisition of technologies; repayments/pre-payments of long-term/short-term borrowings availed from banks/others; funding long term working capital requirements and for general corporate purposes, the Board of Directors of the Company at its meeting held on July 25, 2025 which was also approved by the Shareholders of the Company at its Annual General Meeting held on September 15, 2025, decided to raise funds up to ₹700 crore by way of issue of Equity Shares, through

various permissible modes under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Companies Act, 2013 ("**Act**") and the rules made thereunder.

Subsequently, the Fund-Raising Committee of Directors has, at its meeting held on December 22, 2025, approved that the proposed fund raise shall be by way of issue of Equity Shares through a qualified institutions placement ("**QIP**") in accordance with the provisions of the SEBI ICDR Regulations and the Act and the rules made thereunder, each as amended.

Pursuant to above, the Fund-Raising Committee of Directors, has allotted 8,79,29,651 equity shares through QIP at a price of ₹62.55/- per equity share [and reflecting a discount of ₹3.29 (i.e. 5%) on the floor price of ₹65.84 per Equity Share] (including premium of ₹61.55 per Equity Share) aggregating to approximately ₹550 crore, on December 24, 2025.

Pursuant to the said allotment, the paid-up equity share capital of the Company increased from ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each to ₹153,06,02,463/- divided into 153,06,02,463 equity shares of ₹1/- each, as at March 31, 2026.

Out of the proceeds amounting to ₹550 crore, ₹513.72 crore were utilised upto June 30, 2026, as per the objects and purpose of the QIP issue.

Allotment of Warrants

The Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated May 25, 2026, allotted 7,50,00,000 (Seven Crore Fifty Lakh) Warrants convertible into 7,50,00,000 equity shares at an issue price of ₹74/- per warrant (Warrant Exercise Price), to persons belonging to Promoter/Promoter Group category in accordance with the SEBI ICDR Regulations read with the Section 42 and Section 62 of the Companies Act, 2013, as approved by the Board of Directors and the Shareholders of the Company at their respective meetings held on March 25, 2026 and April 24, 2026.

The Company received an upfront amount of ₹18.50 per warrant, being 25% of the issue price of ₹74/- per warrant, aggregating to ₹138.75 crore. The warrant holders shall be required to pay the balance 75% of the issue price at the time of exercise of the rights attached to such warrants to subscribe to the corresponding equity shares of the Company.

The warrants are convertible into equivalent number of equity shares and may be exercised by the warrant holders, within a period not exceeding 18 (eighteen) months from the date of allotment. In the event the warrant holders do not exercise the warrants within the aforesaid period, the warrants shall lapse and the amount paid thereon shall stand forfeited by the Company.

As on the date of this Report, 7,50,00,000 convertible warrants remain outstanding and pending for conversion.

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

Key Financial Ratios

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

Financial Ratios	FY26	FY25	Reason for Variations more than 25% during FY26
Debtor turnover ratio	2.07	1.61	Variation is attributable to increase in sales followed by reduction in average receivables during the financial year.
Inventory turnover ratio	2.77	3.52	-
Interest coverage ratio	2.77	2.17	The variation is primarily attributable to increase in profit during the financial year.
Current ratio	1.99	1.86	-
Debt equity ratio	0.35	0.33	-
Operating profit margin (%)	16.70	12.47	The variance reflects the increase in profit for the financial year.
Net profit margin (%)	6.66	4.26	The increase in profit during the financial year is the key factor behind this variation.
Return on net worth (%)	7.27	4.27	The variation is primarily attributable to increase in profit during the financial year.

Business Outlook

The long-term outlook for HFCL remains positive, supported by the increasing global demand for high-speed connectivity infrastructure and network modernisation. Rapid growth in data centres, hyperscale cloud deployments and AI-driven digital infrastructure is accelerating the need for advanced optical connectivity solutions, creating significant opportunities for the Company's Optical Fiber and Optical Fiber Cable businesses. In India, continued investments in broadband expansion initiatives, including BharatNet and other digital connectivity programmes, are expected to drive demand for fiberisation and last-mile connectivity solutions.

The Company is focused on driving sustained and profitable growth through innovation-led product development, capacity expansion and a continued shift towards higher value-added products. HFCL is strengthening its portfolio of advanced Optical Fiber Cable and interconnect solutions tailored to the evolving requirements of hyperscalers, telecom operators and enterprise customers, while also expanding its presence in the defence and aerospace value chain through indigenously developed technology solutions.

To support future growth and enhance competitiveness, the Company is undertaking a significant capacity expansion programme of Optical Fiber and Optical Fiber Cable. The planned backward integration into preform manufacturing is expected to strengthen supply chain resilience, improve operating efficiencies and support margin expansion over the long term.

HFCL also remains focused on improving its revenue mix by increasing the contribution of product-led businesses and expanding its global footprint. The Company's growing export presence, diversified customer base and increasing focus on private sector opportunities position it well to benefit from evolving demand trends across telecom,

data centre, enterprise and defence sectors. With a strong innovation pipeline, expanding manufacturing capabilities and improving operational efficiencies, HFCL is well-placed to create sustainable value and deliver profitable growth in the years ahead.

Research and Development (R&D) Capabilities

Innovation remains at the core of HFCL's growth strategy, serving as a key enabler of technological leadership, product differentiation and long-term value creation. Through sustained investments in research and development, the Company continues to build future-ready technologies that address the evolving needs of telecommunications, enterprise networking, defence communications and digital infrastructure markets.

Supported by a team of 229 highly skilled R&D professionals across Bengaluru, Gurugram and Hyderabad, HFCL is advancing innovation across strategic technology domains, including 5G and 5G Advanced, next-generation Wi-Fi, AI-enabled networking, edge computing, software-defined networking, optical transport and emerging 6G technologies (Integrated Sensing and Communication and Energy Efficiency). The Company's R&D centres play a pivotal role in developing indigenous products and intellectual property that strengthen HFCL's competitive position while supporting India's vision of technological self-reliance.

HFCL is playing an active role in standards contribution and in 6G research. Focus areas of 6G research include Energy Efficiency, ISAC (Integrated Sensing and Communication), AI Native RAN (Radio Access Network) and channel codes. HFCL is driving the standardisation effort by active participation and standards contributions in various telecom standardisation forums that include ITU-R, TSDSI, 3GPP and Bharat 6G Alliance (B6GA).



Strong In-house Innovation Ecosystem

HFCL has established a robust innovation ecosystem that combines deep engineering expertise, advanced testing capabilities and strategic technology collaborations. The Company's focus on indigenous product development has enabled it to build a growing portfolio of telecom and networking solutions designed to meet the performance, security and scalability requirements of modern communication networks.

During the year, HFCL achieved several significant R&D milestones, including the development of next-generation networking technologies, expansion of its intellectual property portfolio, strategic global technology partnerships and the filing of multiple patents, including innovations in the 5G domain. The Company has also strengthened its capabilities in AI-driven network optimisation, energy-efficient networking architectures and advanced wireless communication technologies.

Leveraging its strong R&D capabilities, growing intellectual property portfolio and commitment to indigenous technology development, HFCL remains well positioned to drive innovation in next-generation connectivity solutions. The Company continues to invest in breakthrough technologies that will shape the future of digital communications, while reinforcing its position as a trusted technology partner for telecom operators, enterprises, governments and strategic sectors worldwide.

Head Count

34

Optic fiber and optical fiber cable

52

Defence technologies

143

Telecom and networking products

Digital Transformation and Operational Excellence

The Company continued to advance its digital transformation journey, with a focus on leveraging technology, artificial intelligence and data to enhance employee productivity, optimise business processes and strengthen customer and operational capabilities. During FY26, the Company finalised its enterprise-wide AI strategy, structured around three strategic priorities:

- **Enhancing Productivity:** Empowering employees through AI-enabled workflows
- **Optimising Processes:** Embedding AI across operations to drive efficiency
- **Delivering AI-powered Solutions:** Innovating products and services for the future

The Company progressed the implementation of these priorities through initiatives across the workforce, business operations and R&D functions.

Enhancing Productivity: Empowering Employees through AI-enabled Workflows

To accelerate responsible adoption of AI across the organisation, the Company made prompt engineering training mandatory for all employees. The programme was designed to enable employees to effectively and safely utilise Company-wide Large Language Models (LLMs) for day-to-day tasks, supporting productivity enhancement and the adoption of AI-enabled ways of working.

Optimising Processes: Embedding AI across Operations to Drive Efficiency

The Company continues to advance its adoption of Artificial Intelligence (AI) across manufacturing and corporate functions, with a focus on enhancing operational efficiency, productivity and decision-making. During the year, AI-enabled solutions were deployed in select business



processes, including the implementation of Edge AI on an OTDR machine. The AI model is currently being evaluated for replication across additional machines and applications. These initiatives reflect the Company's progress in integrating AI into its operations and reinforce its commitment to leveraging emerging technologies to drive innovation and operational excellence.

Delivering AI-powered Solutions: Innovating Products and Services for the Future

The Company enabled its R&D teams to build capabilities in AI-assisted software development, including code generation, testing and troubleshooting. The Company is also establishing practices for the safe and secure use of AI across product development and shipment, supporting responsible adoption of AI within the product lifecycle.

The Company's digital transformation initiatives also progressed during the year with the go-live of its Customer Relationship Management (CRM) solution, enabling a 360-degree view of customers, personalised interactions and deeper customer insights across business verticals. The Company also integrated its environment with an international customer, providing enhanced visibility of orders, advance shipment notifications and dispatch status.

Cybersecurity remained integral to the Company's digital transformation agenda. During the year, the Company enhanced its cyber resilience through advanced solutions for threat detection, brand monitoring, vulnerability management and risk mitigation. Organisation-wide awareness programmes further strengthened employees' ability to identify and respond to evolving cyber threats.

These initiatives reflect the Company's continued progression from establishing digital and AI capabilities to embedding

them across the workforce, business processes, customer operations and R&D, with a focus on productivity, operational efficiency, innovation and responsible technology adoption.

Investing in Human Capital

FY26 marked another year of progress in HFCL's people strategy. Through continued investments in capability development, employee well-being, cultural engagement and inclusive practices, the Company strengthened workforce readiness while aligning its human capital priorities with its business objectives, innovation agenda and long-term growth aspirations.



Recruitment and Onboarding

At HFCL, our people are the foundation of innovation and sustainable growth. During FY26, we strengthened our workforce by onboarding 367 on-roll employees, 381 off-roll/



fixed-term employees and 257 campus trainees to support our expanding businesses across Optical Fiber, Optical Fiber Cable, Defence, Data Centre and Connectivity, EPC and International Operations.

Our hiring strategy focused on attracting niche technical and leadership talent across manufacturing, R&D, product management, sales and project execution. We added senior Sales, Field Engineering and Commercial professionals in our largest export market of North America. We adopted a focused recruitment approach with competency-driven assessments to recruit talent for critical high-growth business areas of Optical Fiber and Optical Fiber Cable, Defence Technologies, Data Centre and Passive Connectivity Solutions.

We continued to strengthen our in-house talent acquisition capabilities through data-driven recruitment, campus engagement and employee referrals. Employee referrals remained our largest hiring source, contributing 34.41% of total hires, followed by digital hiring through job portals (26.45%), enabling faster hiring and improved recruitment quality.

The Company also enhanced its recruitment capabilities by expanding campus hiring, strengthening internal talent pipelines, improving recruitment analytics and streamlining onboarding and background verification processes to ensure a seamless candidate experience.

Employee Development

Building on its transformation journey, HFCL continued to strengthen workforce capabilities in FY26 to support its growing focus on telecom, defence and digital infrastructure. The Company further evolved its learning ecosystem into an integrated, learner-driven model, combining instructor-led training, virtual learning, on-the-job development, self-paced learning and certification-led pathways through the expanded HFCL Academy and Knowledge Partners.

Key milestones included 187 engineers from Optical Fiber and Optical Fiber Cable, 5G, Wi-Fi and Switch business and Defence Products businesses completing certification on AI Foundation training, strengthening their understanding of emerging AI technologies. Additionally, 161 employees from OFC and other business were upskilled through specialised certification programmes, including TL9000, ISO/IEC 17025, NABL, FMEA and IPC 610, strengthening quality, reliability and technical excellence across the organisation. IT and security teams further strengthened cybersecurity, information governance and network access management capabilities through specialised certification and implementation programmes.

In the leadership domain, HFCL extended its Effective Customer Interaction Programme to 373 customer-facing project engineers and managers, enhancing customer engagement and technical consulting capabilities.

Additionally, a Leadership Competency Matrix was implemented to systematically develop leadership capabilities across the organisation, supported by structured pre- and post-assessments to measure talent potential and deliver development effectiveness and growth.

Key Metrics for FY26

- A total of 932 instructor-led training (ILT) effort-days were delivered to HFCL Group employees across 28 curated full-day programmes. Overall, 8,615 learning effort-days were completed, including Process and Compliance and virtual learning programmes
- A total of 5,049 unique learners from across HFCL Group were trained during this FY
- 958 employees from HFCL Group, accessed self-paced learning via HFCL Academy, where 74.2% participated in technology upskilling modules from 1,525 effort-days of learning
- Achieved a 15 average learning hours per employee, across all delivery methodology, including ILTs and HFCL Academy LMS
- Expanded Udemy user licences from 750 to 850 during the year to meet the growing demand for continuous, self-paced learning across businesses and plants
- Introduced AI-enabled features within Udemy Learning Paths and Skill Assessments to enable personalised learning journeys, adaptive skill validation and faster identification of individual capability gaps
- In parallel, the HFCL Academy (our digital LMS platform) out AI-based capabilities spanning intelligent content discovery, smart nudges, learning path recommendations and skill proficiency assessments - further deepening the Company's self-paced, learner-driven ecosystem

This expanded and integrated learning framework positions HFCL's talent pool to meet evolving business needs with agility and innovation.

Plant Capability Development and Operational Excellence

The HFCL L&D launched an OFC Business wide Six Sigma capability build-out through the HFCL Six Sigma Skill Sprint, the initiative catalysed a step-change in continuous learning adoption at the manufacturing plants and further embedded process-improvement thinking as a shared responsibility across teams. Beyond Six Sigma, the plants scaled a robust certification agenda aligned to customer and audit expectations, including TL9000 Internal Auditor, Energy Management System (EnMS), Zero Waste to Landfill, IPC-A-610, ISO/IEC 17025:2017 (NABL), ISO 31000 and 8D Analysis, enabling business readiness in the OF and OFC plants and supporting new order qualifications.

HFCL institutionalised structured on-the-job learning journeys, guiding new joiners through a defined pathway from fresher to certified Technician or Engineer, anchored in a plant-specific competency framework. A refreshed plant orientation programme (Shubharambh), skill and competency matrices and internal SME-led modules on Kaizen, FMEA, OSHA elements, Cooling Tower Maintenance, Compressor Maintenance and Secondary Coating and Stranding further strengthened shop-floor capability. Complementing these, a Manufacturing Leadership 'Lead Self' programme was rolled out to nurture first-line leadership at the plants, extending foundational leadership behaviours into a shop-floor context.

The overall plant learning footprint expanded meaningfully during the year, with a substantial year-on-year growth in on-the-job and awareness sessions, delivered predominantly by internal Subject Matter Experts.

Key Highlights for FY26

- Launched the HFCL Six Sigma Skill Sprint, a plant-wide, gamified capability programme delivered through curated Lean Six Sigma White, Yellow and Green Belt learning paths with proctored assessments and driven by direct sponsorship from plant heads
- Deepened quality and business-readiness certifications across the Optical Fiber and Optical Fiber Cable plants, including TL9000 Internal Auditor, EnMS Awareness and Internal Auditor, Zero Waste to Landfill, IPC-A-610, ISO/IEC 17025:2017 (NABL), ISO 31000 and 8D Analysis - aligning HFCL with customer standards and supporting new order qualifications
- Institutionalised a structured Onboarding-to-Certified-Technician learning journey at the Hyderabad Plant, guiding new joiners through a defined competency and OJT pathway to become certified Technicians or Engineers
- Strengthened shop-floor safety and emergency preparedness through Fire Fighting Training for Fire Fighters, Fire and Chemical Safety Awareness, First Aid Certification and equipment-specific maintenance programmes at Goa, Hyderabad and HTL plants

HFCL CARES: Holistic Wellness, Safety and Emotional Well-being

HFCL CARES, the Company's employee well-being framework, continued to strengthen its focus on creating a safe, healthy and supportive workplace during FY26. The programme encompassed a broad range of initiatives aimed at promoting physical well-being, workplace safety, preventive healthcare and emotional wellness across the organisation.

Health and wellness initiatives were delivered across seven key categories: Emergency Safety, Ergonomics and EHS, First Aid and Life Support, Occupational Health and Safety (OHS), Health and Disease Awareness, Mental Health and Emotional

Well-being and Holistic Wellness. These initiatives focused on building awareness, encouraging healthy lifestyle practices, strengthening emergency preparedness and fostering a culture of safety and well-being.

During the year, eight health and wellness talks were conducted, covering topics such as preventive healthcare, ergonomics, nutrition, chronic health conditions, sleep management and overall well-being. Employees also participated in health awareness campaigns, workplace safety initiatives and programmes designed to enhance physical and mental resilience.

HFCL continued to reinforce its commitment to employee well-being through initiatives promoting workplace safety, inclusion, dignity and respect. Through the HFCL CARES framework, the Company remains focused on fostering a culture where employees feel safe, supported and empowered to thrive both personally and professionally.

Employee Communication

HFCL fosters a culture of openness and transparency through regular, meaningful engagement between leadership and employees. Periodic town halls from leadership team provide a platform to share strategic updates, business priorities and organisational developments while encouraging open dialogue and addressing employee queries.

The Managing Director's monthly newsletter encourages internal communication by highlighting key milestones, strategic initiatives and business achievements, keeping employees aligned with the Company's vision and growth journey. Complementing these formal channels, informal interactions such as 'Coffee Connect' sessions promote approachability, cross-functional relationships and foster a collaborative and inclusive workplace culture.

Employee Engagement

HFCL continued to strengthen employee engagement in FY26 through the HFCL CARES framework, fostering a more connected, inclusive and collaborative workplace. The Company curated a diverse engagement calendar aimed at enhancing employee experience, strengthening cultural integration and reinforcing organisational belonging across locations. The engagement calendar included initiatives across eight categories, covering activities such as onboarding experiences, birthday celebrations, patriotic events, workplace celebrations and team-building activities. These initiatives provided employees with opportunities to connect, collaborate and celebrate important milestones together. HFCL also celebrated various regional and national festivals, reflecting the Company's appreciation for India's cultural diversity and its commitment to fostering an inclusive work environment.

Large-scale sports and recreation initiatives, including the Annual Sports Fiesta, further promoted employee well-being,



team spirit and cross-functional collaboration. Together, these initiatives strengthened workplace connections and fostered a strong sense of pride and belonging across the organisation.

With HFCL's growing global presence and expanding business operations, these initiatives continue to play a key role in building a connected workforce, reinforcing shared values and enhancing employee morale.

Diversity, Equity and Inclusion (DEI)

HFCL continued to strengthen its Diversity, Equity and Inclusion (DEI) practices during FY26, fostering a workplace culture built on respect, fairness and equal opportunity for all employees.

During the year, 100% of employees completed awareness programmes on Prevention of Sexual Harassment (POSH), reinforcing the Company's commitment to fostering a respectful and inclusive workplace. Further, members of the Internal POSH Committee underwent advanced certification training to enhance their capability to effectively address workplace grievances in line with statutory requirements and best practices. In addition, 85-90% of employees completed training on Human Rights and Anti-Bribery and Anti-Corruption (ABAC) guidelines, strengthening awareness of ethical business practices and responsible conduct.

International Women's Day 2026 was celebrated across HFCL locations through workshops, speaker sessions and employee engagement activities. More than 200 women employees were recognised and participated in celebrations that highlighted the importance of gender inclusion and empowerment.

Through these initiatives, HFCL continued to foster an inclusive workplace where employees feel respected, valued and empowered to contribute to the organisation's success.

HR Operations and HR Digitisation

The HR function continued to drive end-to-end digital transformation across the employee lifecycle, with a strategic focus on expanding digital HR capabilities. Digital modules covering Core HR, Attendance, Leave, Recruitment, Onboarding, Separation, PMS, Travel and Expense and HR Letters (Offer and Appointment Letters) were enabled, standardising workflows and bringing greater uniformity across the Group. The Face Biometric attendance system was expanded to additional locations, while Travel and Expense workflows were enhanced to improve process efficiency. Multiple custom Attendance and Leave reports were developed with controlled access for HR teams across HFCL, strengthening reporting capabilities and data governance. The SAP ID generation process was streamlined through HR, enabling timely ID creation and eliminating onboarding-related discrepancies.

During FY26, HR Operations at HFCL Group enhanced process governance, employee experience, compliance and cost efficiency. The department automated the GMC Top-Up and GTLI enrolment by collecting employee beneficiary data during onboarding, achieving Day-1 enrolment and eliminating manual errors. Additionally, HFCL completed its corporate registration under the National Apprenticeship Training Scheme (NATS), aiding the National Skill Building Mission of the Government of India.

To cultivate a future leadership pipeline, the SPARK programme onboarded 9 campus hires in FY26, consisting of 8 Graduate Engineer Trainees (GETs) and 1 Management Trainee (MT) across HFCL and its subsidiary, HTL.

Corporate Social Responsibility (CSR)

HFCL remains committed to creating meaningful social impact through its CSR initiatives, with a focus on community well-being and fostering inclusive, sustainable development.

CSR Project Impact Overview

Advanced Healthcare: Corrective Surgeries for Polio-related Deformities, Clubfoot and Other Congenital Abnormalities

In partnership with the St. Stephen's Hospital Patients Welfare Society, Delhi, HFCL supported life-changing orthopaedic surgeries for underprivileged individuals, primarily children, affected by polio-related deformities, clubfoot and congenital musculoskeletal conditions. Led by renowned orthopaedic surgeon Dr. Mathew Varghese, the initiative provided specialised surgical treatment and comprehensive post-operative rehabilitation, restoring mobility and improving quality of life for 59 beneficiaries, all from vulnerable and marginalised communities. By enabling greater access to education, livelihoods and social participation, the programme reflects HFCL's commitment to advancing equitable healthcare and inclusive community development.

Advanced Healthcare: Critical Cardiac Surgeries

In collaboration with the All India Heart Foundation, a charitable arm of National Heart Institute, New Delhi, HFCL supported life-saving cardiac surgeries and interventions, including angioplasty, bypass grafting, valve repair and correction of congenital heart defects, for 25 economically disadvantaged patients diagnosed with critical cardiovascular conditions. By fully funding these complex procedures, the initiative eliminated financial barriers to specialised treatment for individuals from financially and socially vulnerable communities, reflecting HFCL's commitment to advancing equitable access to quality healthcare.

Preventive Healthcare: Mobile Medical Units (MMUs)

As part of its flagship programme in preventive and primary healthcare, HFCL operates Mobile Medical Units (MMUs) across five locations, Solan (Himachal Pradesh), Goa, Sardarshahar (Rajasthan), Ghazipur (Uttar Pradesh) and Hyderabad (Telangana), in partnership with HelpAge India and the Wockhardt Foundation. These fully-equipped vans carry essential health services directly to underserved and disadvantaged communities, with a particular focus on remote, hilly regions and urban slums.

Each unit is staffed by a qualified MBBS doctor, a pharmacist, a laboratory technician, a driver-cum-mobiliser and a Social Protection Officer (SPO), who leads community outreach, awareness building and grievance resolution. Services include routine health check-ups, maternal and child healthcare, diagnostic testing, distribution of essential medicines and preventive-health awareness activities such as Nukkar Natak (street theatre) and household outreach.

In FY26, the five MMUs collectively served over 1.13 lakh individuals through outpatient consultations and follow-up care, along with more than 30,000 diagnostic laboratory tests, over 200 home visits, 15 specialised health camps benefitting more than 1,900 individuals and over 200 awareness programmes reaching more than 8,500 community members.

1,13,008

Individuals served through MMUs (FY26)

Inclusive Education: Support for Children with Special Needs

HFCL partnered with Balwantrai Vidya Bhavan, New Delhi, to support 50 children with developmental and intellectual disabilities, covering their academic expenses through full educational sponsorship. This initiative underscores the Company's commitment to inclusive, equitable, quality education in line with the National Education Policy (NEP) 2020.

50

Children benefitted

Beyond funding education, HFCL provided a grant to procure a specialised van, ensuring students have access to safe and dependable transportation. The initiative also encompassed refurbishing an old printing press to enable hands-on, experiential learning, along with installing smart classroom systems that support customised teaching approaches designed for special-needs students.

All beneficiaries of the programme hail from economically and socially marginalised backgrounds and the initiative aims to promote lasting independence, integration and empowerment among them. Through this effort, HFCL reaffirms its commitment to fostering an inclusive society and driving meaningful change through education.





Skill Development: Digital Literacy for Rural Youth (Ghazipur, UP)

Aligned with the Government's Skill India and Digital India initiatives, HFCL, in partnership with the Hari Prem Society, established five digital learning centres across rural Ghazipur, Uttar Pradesh. The centres provided foundational and advanced computer training, including data entry, office automation and internet applications to 430 youth from economically disadvantaged communities, expanding their access to livelihood opportunities in the formal and gig economy.

Foundational Education: Ekal Vidyalaya (One Teacher School)

HFCL, in partnership with Bharat Lok Shiksha Parishad (BLSP) under the Ekal Abhiyan, strengthened access to quality education for children from socio-economically disadvantaged rural communities across 100 villages in the Solan and Sirmaur districts of Himachal Pradesh. Trained local women educators deliver activity-based learning to children aged 4-14 within their own villages, covering foundational literacy and numeracy alongside health and hygiene, environmental awareness, civic values, yoga and creative skills.

In FY26, the programme directly benefitted 2,096 students, 48% of them girls, across 100 Ekal Vidyalayas supported by 100 trained female teachers, while positively influencing more than 50,000 villagers through community engagement activities. 82% of enrolled students successfully passed their annual assessment, reflecting measurable gains in literacy, attendance and retention.

2,096

Students benefitted

Strengthening Communities Beyond the Classroom and Clinic

Complementing its flagship healthcare and education programmes, HFCL supports few community-based initiatives, under Project KARUNA, extending the Company's CSR footprint into environmental sustainability, elderly care and holistic community welfare, where impact is by nature community-wide rather than individually enumerable.

Project KARUNA is a multi-dimensional initiative spanning environmental sustainability, educational and sports scholarships for talented individuals with limited financial means, rural and slum area development aimed at reducing inequality, hunger, poverty and malnutrition and disaster relief and rehabilitation support for communities affected by natural or man-made disasters.

AMRITAM Old Age Home, developed under Project KARUNA, supports the construction of a dedicated facility which will offer safe, dignified residential care for elderly individuals from vulnerable and economically disadvantaged backgrounds who often lack family or financial support.

In partnership with Jain Swetamber Terapanthi Sabha, New Delhi, HFCL, supports community infrastructure providing residential facilities for students from weaker sections of society, alongside health and well-being initiatives centred on Yoga and Pranayama for vulnerable communities.

Empowering Communities through Focused Interventions

Project Category	Partner	Total Beneficiaries	% from Vulnerable Groups	SDGs Aligned*
Corrective surgeries - Delhi	St. Stephen's Hospital Patients Welfare Society	59	100%	 
Critical heart surgeries - Delhi	All India Heart Foundation (National Heart Institute)	25	100%	 
MMU - Solan	HelpAge India	32,133	100%	 
MMU - Goa	HelpAge India	18,811	100%	 
MMU - Sardarshahar	HelpAge India	24,551	100%	 
MMU - Ghazipur	Wockhardt Foundation	16,678	100%	 
MMU - Hyderabad	Wockhardt Foundation	20,835	100%	 
Inclusive education - special needs children - Delhi	Balwantrai Vidya Bhavan	50	100%	 
Digital skill development - Ghazipur	Hari Prem Society	430	100%	  
Foundational education - Ekal Vidyalaya - Solan and Sirmaur	Bharat Lok Shiksha Parishad (Ekal Abhiyan)	2,096	100%	   
Project KARUNA	HFCL Social Services Society	NA ¹	NA ¹	   
AMRITAM Old Age Home	AMRITAM	NA ²	NA ²	 
Jain Swetamber Terapanthi Sabha, New Delhi	Jain Swetamber Terapanthi Sabha	NA ³	NA ³	  

*SDG 1: No Poverty | SDG 3: Good Health and Well-being | SDG 4: Quality Education | SDG 5: Gender Equality | SDG 8: Decent Work and Economic Growth | SDG 9: Industry, Innovation and Infrastructure | SDG 10: Reduced Inequalities | SDG 13: Climate Action

¹ Not ascertainable, as the project comprises diverse initiatives catering to different beneficiary groups, making aggregation on a comparable basis impracticable.

² Not ascertainable at this stage, the facility is under construction and not yet operational.

³ Not ascertainable - Providing residential facilities for students from weaker sections of society and Yoga/Pranayama outreach is open community participation without enrolment tracking.

Driving Inclusive Growth and Social Impact

In FY26, HFCL's CSR initiatives reflected a community-centric and impact-oriented approach, with a focus on healthcare inclusion, education advancement and livelihood development. Through targeted interventions across these areas, the Company created measurable benefits for more than 1.15 lakh individuals, with the substantial majority belonging to socially and economically disadvantaged communities.

1,15,668+

Individuals benefitted

Aligned with national programmes such as Ayushman Bharat, Skill India and Samagra Shiksha, as well as the United Nations Sustainable Development Goals (SDGs), particularly SDG 3

(Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work) and SDG 10 (Reduced Inequalities), HFCL's initiatives are designed to create sustainable and inclusive impact.

The Company's healthcare programmes supported the advancement of Universal Health Coverage by delivering curative, preventive and rehabilitative care through institutional partnerships and mobile outreach initiatives. Simultaneously, education and skill development programmes enabled long-term empowerment by enhancing access to learning and creating pathways for greater social and economic inclusion.

₹60 crore

CSR spend in the last 13 years



Risk Management

HFCL's Risk Management Policy offers a structured, strategic framework for identifying, evaluating and mitigating risks across its varied business operations. This holistic approach allows the Company to stay ahead of potential challenges and uncertainties, protecting its long-term goals in the process.

Oversight of risk management efforts rests with a dedicated Risk Management Committee, which assesses key risks spanning business units and functions. By benchmarking its practices against industry standards, HFCL maintains a vigilant, systematic and well-informed approach to identifying and mitigating risk.

The Risk Management Committee periodically reviews the Risk Management Policy to keep it relevant and effective amid a constantly evolving business landscape. Complementing this, the Audit Committee offers additional oversight, focusing specifically on financial risk management and internal controls.

HFCL remains firmly committed to a proactive, resilience-driven approach to risk management. While confident in its current risk profile, the Company's agility and readiness to respond to unforeseen challenges reflect its commitment to sustained operational continuity and long-term growth.

Some of the key inherent risks facing the Company are outlined below:

Risks	Description	Mitigation Measures	Impact
Economic risk	Macroeconomic fluctuations may impact demand, profitability and growth.	Continuous monitoring of economic trends, strategic business realignment, prudent financial management and revenue diversification.	Improves resilience to economic fluctuations, enabling business continuity and sustainable growth across economic cycles.
Competition risk	Intense market competition may affect order acquisition and margins.	Leadership in the optical fiber cable market, proven turnkey project execution, strong customer relationships and R&D investments.	Reinforces the Company's market position and customer confidence, contributing to a robust order pipeline and sustained revenue growth.
Foreign exchange risk	Exposure to currency fluctuations due to import/export operations.	Foreign exchange risks are managed through monitoring, expert advisory support and the strategic use of hedging instruments, including forward contracts and options.	Reduces the impact of currency fluctuations, supporting stable financial performance.
Technology risk	Rapid technological changes may render existing solutions obsolete.	Sustained investment in research and development, supported by timely technology upgrades, to remain at the forefront of industry advancements.	Strengthens competitiveness through innovation and alignment with evolving market needs.
Government policy risk	Changes in regulations or government policy priorities may disrupt operations.	Active tracking of regulatory and policy developments, with strategic alignment to government priorities and initiatives.	Mitigates regulatory risks by ensuring timely compliance and maintaining business continuity amid evolving regulations.
Order execution risk	Delays in project execution may lead to penalties and reputational damage.	Strong project governance, experienced talent and digital platforms enable efficient project execution and real-time performance monitoring.	Ensures timely delivery, mitigates penalties and strengthens client trust.

Internal Control Systems and their Adequacy

HFCL maintains a strong internal control framework, appropriately scaled to match the size and complexity of its operations. The framework integrates key components - governance, compliance, audits, controls and reporting - into a cohesive approach to managing risk and control.

To ensure the accuracy and reliability of its financial statements, the Company has put in place a structured system of internal financial controls. These controls undergo regular review and testing for adequacy and effectiveness, with active participation from management, internal auditors and statutory auditors.

The internal control system is built to protect Company assets from loss or misuse, while preserving the integrity of financial and operational records. This, in turn, supports accurate reporting and accountability throughout the organisation.

Internal audits are carried out by M/s Anil Aggarwal & Co., Chartered Accountants (501, Surya Kiran Building, K.G. Marg, Connaught Place, New Delhi - 110001), covering all locations and functional areas throughout the year. Audit findings and recommendations are presented to the Audit Committee of the Board, which provides strategic direction and oversees the control environment.

The Company also follows standardised accounting policies to maintain consistency across its subsidiaries. Financial statements of subsidiaries and associates are audited and certified by their respective statutory auditors, ensuring accuracy in the consolidation process.

A thorough assessment of internal control systems conducted during FY26 identified no material weaknesses, whether in design or implementation.

Based on these evaluations, the Board affirms that the Company's internal financial controls were adequate and operating effectively during FY26.

Cautionary Statement

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

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

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

Directors' Report

Dear Members,

Your Board of Directors has pleasure in presenting the 39th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the financial year ended March 31, 2026.

FINANCIAL HIGHLIGHTS

Your Company's financial performance (standalone and consolidated) for the financial year ended March 31, 2026 is summarised below:

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
	(₹ in crore)			
Revenue from Operations (Net)	4,527.54	3,795.22	4,949.27	4,064.52
Other Income	67.46	60.90	65.25	57.76
Total Income	4,595.00	3,856.12	5,014.52	4,122.28
Total Operating Expenses	3,924.90	3,380.33	4,187.77	3,615.53
Depreciation and Amortisation expenses	137.99	84.90	157.38	105.51
Total Expenses	4,062.89	3,465.23	4,345.15	3,721.04
Profit before Finance Cost and Tax	532.11	390.89	669.37	401.24
Finance Cost	209.97	149.46	242.06	185.01
Share of profits of jointly controlled entities	-	-	0.37	0.36
Profit before Tax (PBT)	322.14	241.43	427.68	216.59
Tax Expense Net of MAT Credit Entitlement	69.27	46.68	98.24	43.33
Profit after Tax (PAT)	252.87	194.75	329.44	173.26
Attributable to:				
Shareholders of the Company	-	-	311.74	177.41
Non-Controlling Interests	-	-	17.70	(4.14)
Opening Balance of Retained Earnings	2,127.01	1,959.79	2,241.94	2,091.66
Profit for the year	252.87	194.75	311.74	177.41
Transfer to Retained Earnings	10.61	1.32	9.94	1.72
Amount available for appropriation	2,390.49	2,155.86	2,563.62	2,270.79
Dividend on Equity Shares (Previous Year)	(14.43)	(28.85)	(14.43)	(28.85)
Closing Balance of Retained Earnings	2,376.06	2,127.01	2,549.19	2,241.94

During FY26, the total Consolidated Income of your Company stood at ₹5,014.52 crore as compared to ₹4,122.28 crore in the previous year, reflecting an increase of 21.64%.

Your Company achieved a Consolidated EBITDA of ₹826.75 crore in FY26, as against ₹506.75 crore in the previous year, registering a growth of 63.15%. Further, the Consolidated Profit Before Tax (PBT) increased by 97.46% to ₹427.68 crore in FY26 from ₹216.59 crore in the previous year.

During FY26, your Company reported a Consolidated Profit After Tax (PAT) of ₹329.44 crore, compared to ₹173.26 crore in the previous year, representing an increase of 90.14%.

Net Worth

The net worth of your Company has increased during the year under review to ₹4727.45 crore from ₹3962.55 crore in the previous year.



Gross Debt

The consolidated debt in FY26 stood at ₹1713.37 crore as against ₹1341.05 crore in FY25.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129 read with Schedule III to the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Accounts) Rules, 2014, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI Listing Regulations") and applicable Indian Accounting Standards, the Audited Consolidated Financial Statements of the Company for FY26, together with the Auditors' Report forms part of this Annual Report.

TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profits for FY26, under Retained Earnings and has not transferred any amount to the General Reserves, during the year under review.

DIVIDEND

Your Board of Directors, at its meeting held on April 30, 2026, has recommended a Dividend @20% i.e., ₹0.20/- (Twenty Paise) per equity share of face value of ₹1/-, aggregating to dividend pay-out of ₹30.61 crore for the financial year ended March 31, 2026, subject to approval of shareholders at the ensuing annual general meeting ("AGM") of the Company. The above decision is in accordance with the Company's Dividend Distribution Policy.

The dividend shall be subject to deduction of TDS before payment to shareholders, as per applicable provisions of the Income-Tax Act, 2025.

As per the provisions of the Act and the IEPF Rules, members whose unclaimed dividend and equity shares have been transferred to IEPF, may claim the refund by making an application to the IEPF Authority in web form IEPF-5 available on www.mca.gov.in.

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

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	Amount (₹) (Unpaid as on March 31, 2026)
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,16,111.50
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,29,437.71
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	26,17,772.18
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,42,430.04
2023-24	0.20	September 30, 2024	November 05, 2031	December 05, 2031	13,83,107.11
2024-25	0.10	September 15, 2025	October 21, 2032	November 20, 2032	7,86,952.04

Details of unpaid dividend for the 2018-19, 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25, can be accessed from the website of the Company at www.hfcl.com and claim can be made by making request to the Company/Registrar and Share Transfer Agent (RTA).

Dividend Distribution Policy

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

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

The Dividend Distribution Policy is available on the Company's website at https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d206406f3dd72b630591_Dividend_Distribution_Policy_22052025.pdf

Investor Education and Protection Fund (IEPF)

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

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

During the year under review, the Company transferred unpaid/unclaimed dividend amounting to ₹10.26 lakh to IEPF. Further, 29,39,459 equity shares of ₹1/- each were transferred to the demat account of the IEPF Authority in accordance with the applicable provisions of the Act and the rules made thereunder.

Details of Nodal Officer

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

INDIAN ACCOUNTING STANDARDS (IND-AS)

Financial Statements of your Company and its subsidiaries, for the financial year ended March 31, 2026, have been prepared in accordance with Indian Accounting Standards (**Ind-AS**), as notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

DEPOSITS

During FY26, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Further, no amount of principal or interest was outstanding as on the balance sheet closure date.

SHIFTING OF REGISTERED OFFICE

The Members of the Company, through a Special Resolution passed at the Annual General Meeting held on September 15, 2025, approved the shifting of the Registered Office of the Company from the State of Himachal Pradesh to the State of Haryana, subject to the receipt of all necessary statutory and regulatory approvals. Subsequently, the Hon'ble Regional Director, Northern Region-II, Chandigarh, vide its Order dated July 7, 2026, approved the shifting of the Registered Office, and the same has been taken on record by the Registrar of Companies, Chandigarh, Haryana.

Accordingly, the Registered Office of the Company stands shifted to Plot No. 38, Institutional Area, Sector-32, Gurugram – 122 001, Haryana, w.e.f. July 31, 2026.

SHARE CAPITAL AND CHANGES IN CAPITAL STRUCTURE

Authorised Share Capital

As on March 31, 2026, the Authorised Share Capital of your Company stood at ₹760 crore (Rupees Seven Hundred Sixty crore only) divided into 510 crore (Five Hundred Ten crore) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crore (Rupees Five Hundred Ten crore only) and 2.50 crore (Two crore Fifty Lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crore (Rupees Two Hundred Fifty crore only).

Paid-up Share Capital

As on March 31, 2026, the Paid-up Equity Share Capital of your Company stood at ₹153.06 crore comprising of 153,06,02,463 equity shares of face value of ₹1/- each.

Qualified Institutions Placement

In order to meet funding requirements, inter-alia, for capital expenditure towards capacity expansion of optic fiber and optic fiber cables; funding expenditure on research & development initiatives, including acquisition of technologies; repayments/ pre-payments of long term/ short term borrowings availed from banks/others; funding long term working capital requirements and for general corporate purposes, the Board of Directors of the Company at its meeting held on July 25, 2025 which was also approved by the Shareholders of the Company at its Annual General Meeting held on September 15, 2025, decided to raise funds up to ₹700 crore by way of issue of Equity Shares, through various permissible modes under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Act and the rules made thereunder.

Subsequently, the Fund-Raising Committee of Directors has, at its meeting held on December 22, 2025, approved that the proposed fund raise shall be by way of issue of Equity Shares through a qualified institutions placement ("**QIP**") in accordance with the provisions of the SEBI ICDR Regulations and the Act and the rules made thereunder, each as amended.

Pursuant to above, the Fund-Raising Committee of Directors, has allotted 8,79,29,651 equity shares through QIP at a price of ₹62.55/- per equity share [and reflecting a discount of ₹3.29 (i.e. 5%) on the floor price of ₹65.84 per Equity Share] (including premium of ₹61.55 per Equity Share) aggregating to approximately ₹550 crores, on December 24, 2025.

Pursuant to the said allotment, the paid-up equity share capital of the Company increased from ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each to ₹153,06,02,463/- divided into 153,06,02,463 equity shares of ₹1/- each, as at March 31, 2026.

Out of the proceeds amounting to ₹550 crore, ₹513.72 crore were utilised upto June 30, 2026, as per the objects and purpose of the QIP issue.

Allotment of Warrants

The Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated May 25, 2026, allotted 7,50,00,000 (Seven Crore Fifty Lakh) Warrants convertible into 7,50,00,000 equity shares at an issue price of ₹74/- per warrant (Warrant Exercise Price), to persons belonging to Promoter/ Promoter Group category in accordance with the **SEBI ICDR Regulations** read with the Section 42 and Section 62 of the Companies Act, 2013, as approved by the Board of Directors and the Shareholders of the Company at their respective meetings held on March 25, 2026 and April 24, 2026.

The Company received an upfront amount of ₹18.50 per warrant, being 25% of the issue price of ₹74/- per warrant, aggregating to ₹138.75 crore. The warrant holders shall be required to pay the balance 75% of the issue price at the time of exercise of the rights attached to such warrants to subscribe to the corresponding equity shares of the Company.



The warrants are convertible into equivalent number of equity shares and may be exercised by the warrant holders, within a period not exceeding 18 (eighteen) months from the date of allotment. In the event the warrant holders do not exercise the warrants within the aforesaid period, the warrants shall lapse and the amount paid thereon shall stand forfeited by the Company.

As on the date of this Report, 7,50,00,000 convertible warrants remain outstanding and pending for conversion.

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

MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT

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

CORPORATE GOVERNANCE

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

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

EMPLOYEES' LONG TERM INCENTIVE PLAN

In terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), as amended from time to time and with the objective to promote entrepreneurial behaviour among employees of the Company, motivate them with incentives and reward their performance with ownership in proportion to the contribution made by them as well as align the interest of the employees with that of

the Company, "Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan-2017" ("HFCL Plan 2017") was approved by the Board of Directors of your Company on August 26, 2017, which was further approved by the members of the Company, in their 30th Annual General Meeting held on September 25, 2017.

The HFCL Plan 2017 comprises of the following three subsets:

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

During the FY26 your Company has not granted any Employee Stock Options and Restricted Stock Units in terms of the HFCL Plan 2017. The Company has also not issued any shares under ESPS during the year under review.

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

Your Company has obtained a certificate from Mr. Baldev Singh Kashtwal, Secretarial Auditor (ICSI Peer Review Certificate No. 7700/2026), confirming that the HFCL Plan 2017 for grant of stock options has been implemented in accordance with the applicable provisions of the SEBI SBEB & SE Regulations and in compliance with the resolution passed by the members at the 30th Annual General Meeting of the Company held on September 25, 2017.

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

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on March 31, 2026, your Company had 12 (twelve) subsidiaries and 02 (two) associates viz.

Subsidiary:

1. HTL Limited
2. Raddef Private Limited

Wholly-owned Subsidiary:

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

Foreign Subsidiary:

8. HFCL Inc. USA
9. HFCL B.V. Netherlands
10. HFCL Canada Inc. (Wholly-owned subsidiary of HFCL B.V.)
11. HFCL UK Limited (Wholly-owned subsidiary of HFCL B.V.)
12. HFCL Pty Limited (Wholly-owned subsidiary of HFCL B.V.)*

*Voluntarily liquidated and de-registered w.e.f. August 19, 2026.

Associate:

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

During the year under review, HFCL Poland Sp. z.o.o., (formerly Blue Diwali Sp. z.o.o.) (Wholly-owned subsidiary of HFCL B.V.) has been voluntarily liquidated and its name has been removed from National Court Register w.e.f. January 02, 2026

The Company regularly monitors the performance of these companies.

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

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

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

In accordance with the provisions of Section 136 of the Act, the financial statements of the subsidiaries are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the ensuing AGM. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at **HFCL Limited, 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110 048** and the same shall be sent by post.

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

Material Subsidiaries

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

The said policy may be accessed on the website of the Company at https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d109b2dc5d03ef4fb5d3_HFCL-Policy-on-Determining-Material-Subsidiaries_22052025.pdf

The Company has two material subsidiaries namely HTL Limited & HFCL Inc. as on March 31, 2026.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

Re-Appointments/Appointments

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), is liable to retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

Brief resume, nature of expertise, disclosure of relationships between directors inter-se, details of directorships and committee membership held by him in other companies along with his shareholding in the Company, as stipulated under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, is appended as an Annexure to the Notice of the ensuing AGM. Appropriate resolution for his re-appointment as a Director is being placed for your approval at the ensuing AGM.

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

During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

In the opinion of the Board, Mr. Anil Narendra Shah possesses requisite qualifications, experience, expertise and holds highest standards of integrity.

Further, Mr. Anil Narendra Shah is exempted to qualify on-line proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Cessation

Mr. Bharat Pal Singh (DIN: 00739712) has completed his second term as Independent Director on the close of business hours on January 20, 2026. The Board of Directors places on record its sincere appreciation for the support and valuable guidance given by Mr. Singh during his tenure as Independent Director of the Company.



Key Managerial Personnel

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

Declaration by the Company

The Company has issued confirmation to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2026.

Declaration by Independent Directors

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

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

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

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

Familiarisation Programme for Independent Directors

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

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

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company and related matters are available on the website of the Company at the web-link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69fce653a604554332f23fb8_HFCL-Familiarisation-Prog-ID_2026.pdf

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

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

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

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

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

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

Disclosure under Section 197(14) of the Act

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

Remuneration Policy

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

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

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

The Remuneration Policy is available on the Company's website at https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7cfec803eafddad_c9c00b_Remuneration-Policy_22052025.pdf and the salient aspects covered in the Remuneration Policy have been outlined in the Corporate Governance Report, which forms part of this Annual Report.

BOARD AND COMMITTEE MEETINGS

7 (Seven) meetings of the Board of Directors were held during the FY26.

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

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

Separate Meeting of Independent Directors

In terms of requirements of Schedule IV to the Act and Regulation 25 of the SEBI Listing Regulations, a separate meeting of the Independent Directors was held on March 25, 2026 for FY26.

The meeting of the Independent Directors was attended by all the three independent directors, namely, Mr. Ajai Kumar, Mr. Anil Narendra Shah and Mrs. Bela Banerjee.

Board Committees

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

As on March 31, 2026, your Board has 05 (five) mandatory Committees, namely:

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

The details with respect to the composition, powers, roles, terms of reference, number of meetings etc. of the committees held during FY26 and attendance of the members at each committee meeting, are provided in the Corporate Governance Report which forms part of this Annual Report.

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

Details related to Risk Management and Internal Financial Controls are provided in the Management Discussion and

Analysis, which forms part of the Company's Annual Report for FY26.

PERFORMANCE EVALUATION

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

Pursuant to the provisions of the Act read with relevant rules issued thereunder, Regulation 17(10) of the SEBI Listing Regulations and the Master Circular issued by SEBI on January 30, 2026, the evaluation of the annual performance of the Directors/ Board/ Committees was carried out for FY26.

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

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

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

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

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

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

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

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



The Directors expressed their satisfaction with the evaluation process.

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors & their Report

M/s S. Bhandari & Co. LLP, Chartered Accountants (FRN: 000560C/C400334) and M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N) were re-appointed as Statutory Auditors for second term of 05 (five) consecutive years, at the 35th Annual General Meeting (AGM) of the Company, held on September 30, 2022, for auditing the accounts of the Company from the financial year 2022-23 to 2026-27.

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

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

Secretarial Auditors & their Report

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended or re enacted from time to time), the members of the Company at the 38th Annual General Meeting held on September 15, 2025 had approved the appointment of Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice (COP No. 3169, Membership No. F-3616), holding ICSI Peer Review Certificate No. 7700/2026, as the Secretarial Auditor of the Company for a term of 5 (five) consecutive financial years commencing from FY2025-26 up to FY2029-30. Further, the Secretarial Auditor has confirmed that he is not disqualified from continuing as the Secretarial Auditor of the Company.

The Secretarial Audit Report for FY26 in prescribed form MR-3, issued by the Secretarial Auditor is annexed herewith as **Annexure – C** to this Report. Further, as required under Regulation 24A of the SEBI Listing Regulations, the Secretarial Audit Report for FY26 of HTL Limited, a material subsidiary of the Company is also annexed herewith as **Annexure – C1** to this Report.

Remarks by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for FY26.

Cost Records and Cost Audit

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

INSOLVENCY AND BANKRUPTCY CODE, 2016

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during FY26.

DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF VALUATION DONE

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof, is not applicable during FY26.

VIGIL MECHANISM/ WHISTLE-BLOWER POLICY

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

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

During FY26, no complaint was received and no individual was denied access to the Audit Committee for reporting concerns, if any.

The Policy on Vigil Mechanism/Whistle-Blower Policy may be accessed on the Company's website at the link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f0528cc_Vigil%20Mechanism%20and%20Whistle-Blower%20Policy.pdf

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

CREDIT RATINGS

CARE Ratings Limited (a SEBI Registered Credit Rating Agency) ("CARE") vide its letter dated August 29, 2025, has revised the credit ratings for the long-term and short-term bank facilities of the Company, details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	CARE A-; Stable	Revised from CARE A; Stable
Short Term Bank Facilities	CARE A2+	Revised from CARE A1

CARE vide its subsequent letter dated July 01, 2026 further upgraded the credit ratings for the long-term and short-term bank facilities of the Company, details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	CARE A; Positive	Upgraded from CARE A-; Stable
Short Term Bank Facilities	CARE A1	Upgraded from CARE A2+

Further, the Company remains committed to integrating environmental, social and governance (ESG) considerations into its business operations and stakeholder engagement practices. During the year, the Company's ESG performance was independently assessed by various ESG rating agencies, based on publicly available information, and the following ratings/scores were assigned:

ESG Rating Agency	ESG Rating / Score
CFC Finlease Private Limited (CFC)	73
SES ESG Research Private Limited (SES)	70.7
ESG Risk Assessments and Insights Limited (ERAIL)	70
NSE Sustainability Ratings & Analytics Limited (NSRAL)	70
CRISIL ESG Ratings & Analytics Limited (CERAL)	55
S&P Global	50

The rating agencies have characterised the Company's ESG performance as strong and indicative of steady progress, supported by solid disclosures and improving sustainability practices. These assessments underscore the Company's focused efforts toward strengthening its ESG framework and reinforce its commitment to responsible and sustainable business conduct.

The Company has not engaged any of the above agencies for obtaining ESG ratings.

The ratings/scores have been assigned by such agencies based on information available in the public domain.

ANNUAL RETURN

The draft Annual Return of the Company as on March 31, 2026, in prescribed e-Form MGT-7 in accordance with Section 92(3) of the Act, read with Section 134(3)(a) of the Act, is available on the Company's website at www.hfcl.com.

Further the Annual Return (i.e., e-form MGT-7) for FY26 shall be filed by the Company with the concerned Registrar of Companies within the stipulated period.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments, as on March 31, 2026, as stipulated under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are as follows:

Particulars	Amount (₹ in crore)
Loans given	74.56
Guarantees given	591.18
Investments made	243.88

Loans given, Guarantees provided and Investments made during FY26:

Name of the entity	Relation	Amount (₹ in crore)	Particulars of Loans, Guarantees & Investments	Purpose for which the Loans, Guarantees and Investments are proposed to be utilised by the recipient
HFCL Technologies Private Limited	Wholly owned Subsidiary	14.06	Loan given	For working capital, capital expenditure and general corporate business purposes.
HTL Limited	Subsidiary	100.00	Incremental Corporate Guarantee*	Collateral Security for various credit facilities sanctioned by State Bank of India, Axis Finance Limited and Bajaj Finance Limited to HTL Limited.

*As on March 31, 2026, outstanding corporate guarantee given to HTL Limited was ₹571.02 crore.

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



PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

The said Policy is available on the website of the Company at the web-link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d02e2f7f4a49c0a2b3b7_HFCL-Policy-on-RPTs_22052025.pdf

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

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

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

In compliance with requirements of Section 135 of the Act, the Company has laid down a Corporate Social Responsibility (CSR) Policy. The CSR Policy is available on the website of the Company and may be accessed at the web-link https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f052623_CSR_Policy.pdf

The composition of the CSR Committee, brief contents of CSR Policy, unspent amount and reason thereof, if any, and report on CSR activities carried out during the FY26, in the format, prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **Annexure – F**.

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

MATERIAL CHANGES AFFECTING THE COMPANY

A. Change in nature of business

The Company has not undergone any change in the nature of the business during FY26.

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

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of FY26 and the date of this Report except that the Board of Directors of the Company, at its meeting held on June 03, 2026, approved a strategic reorganisation and consolidation of the defence and aerospace business under HFCL Advance Systems Private Limited ("**HASPL**"), a wholly-owned subsidiary of the Company.

As part of the aforesaid strategic initiative, the Company approved an investment of ₹89.25 crore in HASPL by way of subscription to equity shares, subject to completion of the conditions precedent and other terms agreed between the parties.

Further, the Board approved the proposed transfer of up to 80% of the paid-up share capital of Raddef Private Limited, a subsidiary of the Company, to HASPL for a consideration of ₹75 crore, and the transfer of the Company's Thermal Weapon Sight (**TWS**) business to HASPL on a slump sale basis as a going concern for a lump sum consideration of ₹50 crore, subject to fulfilment of the agreed conditions and receipt of applicable approvals, wherever required.

In addition, HASPL approved the acquisition of 100% of the paid up share capital of HFCL Defence Systems Private Limited (formerly known as Spiral EHL Engineering Private Limited) from Defsys Solutions Private Limited for a consideration of ₹25 crore. Upon completion of the acquisition, HFCL Defence Systems Private Limited shall acquire the Aerostructure Business of Defsys Solutions Private Limited on a slump sale and going concern basis for a consideration of ₹25 crore, subject to fulfilment of the agreed conditions and applicable approvals.

The aforesaid transaction is intended to establish a focused and scalable platform to strengthen HFCL's existing defence business and expand its presence in the aerostructures segment through HASPL thereby positioning the business for long-term growth and value creation.

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

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

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

ICC of each workplace of the Company has also filed Annual Return for the calendar year 2025 at their respective jurisdictional offices, as required under Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

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

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

SIGNIFICANT DEVELOPMENTS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures from the same;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2026 and of the profits of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

LISTING

The equity shares of your Company are presently listed on the BSE Limited ('**BSE**') and the National Stock Exchange of India Limited ('**NSE**'). The Company has paid annual listing fee for FY27 to BSE and NSE.



DEPOSITORY SYSTEMS

Your Company's Scrip has come under compulsory dematerialisation w.e.f. November 29, 1999 for Institutional Investors and w.e.f. January 17, 2000, for all Investors. So far, 99.99% of the equity shares have been dematerialised.

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

IMPLEMENTATION OF CORPORATE ACTION

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

COMPLIANCE WITH PROVISIONS RELATING TO THE MATERNITY BENEFITS ACT, 1961

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

REPORTING PRINCIPLE

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

REPORTING PERIOD

The Financial Information is reported for the period April 01, 2025 to March 31, 2026. Some parts of the Non-Financial Information included in this Board's Report are provided as on the date of this Report.

CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be '*forward looking statements*' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes and economic developments within the Country and abroad and such other factors.

PERSONNEL

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

ACKNOWLEDGEMENTS

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

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

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

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

For and on behalf of the Board

Mahendra Nahata

Managing Director

DIN: 00052898

Arvind Kharabanda

Non-Executive Director

DIN: 00052270

Place: New Delhi

Date: September 02, 2026

ANNEXURE (A) TO DIRECTORS' REPORT

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

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

Please refer to **Note No. 56** to the Standalone Financial Statements for FY26, which forms part of this Annual Report.

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

₹1.72 (Rupee One and Seventy Two Paise only) as on March 31, 2026.

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

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

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

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

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

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

may not consider performance based vesting of the Options.

ESOs:

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

*RSUs:

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

*Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all such unvested RSUs. The cancelled RSUs were added back to the pool of RSUs and are available for future grants to eligible employees.

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

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

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

- (e) Maximum term of Options/RSUs granted:**

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

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

Primary.

- (g) Variation in terms of Options/RSUs:**

Not Applicable.

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

Fair Value Method.

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

Not Applicable.

- (iv) Options/ RSUs movement during the year:

Particulars	ESOs	RSUs*
Number of Options/RSUs outstanding at the beginning of the period	4,86,100	NIL
Number of Options/RSUs granted during the year	NIL	NIL
Number of Options/RSUs forfeited/lapsed/cancelled during the year	40,500	NIL
Number of Options/RSUs vested during the year	NIL	NIL
Number of Options/RSUs exercised during the year	2,58,700	NIL
Number of shares arising as a result of exercise of Options/RSUs	2,58,700	NIL
Money realised by exercise of Options/RSUs (₹), if scheme is implemented directly by the Company	NIL	NIL
Loan repaid by the Trust during the year from exercise price received (₹)	50,00,000	NIL
Number of Options/RSUs outstanding at the end of the year	1,86,900	NIL
Number of Options/RSUs exercisable at the end of the year	1,86,900	NIL

*Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all such unvested RSUs. The cancelled RSUs were added back to the pool of RSUs and are available for future grants to eligible employees.

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

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

*Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all unvested RSUs. The cancelled RSUs were added back to the pool of RSUs and are available for future grants to eligible employees.

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

- (a) **Senior managerial personnel:** During the financial year ended March 31, 2026, no further Options/RSUs have been granted by the Company pursuant to HFCL 2017 Scheme.

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

- (c) **Identified employees who were granted Options/RSUs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:** Not Applicable

- (vii) A description of the method and significant assumptions used during the year to estimate the fair value of Options and RSUs:

- (a) **The fair value of each equity-settled award is estimated on the date of grant using the Black-Scholes model with the following assumptions:**

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

- (b) **The method used and the assumptions made to incorporate the effects of expected early exercise, how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and whether and how any other features of the Options grant were incorporated into the measurement of fair value, such as a market condition.**

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

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

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

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

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

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

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

Particulars	Details
The details of the number of shares issued under ESPS	NIL
The price at which such shares are issued	Not Applicable
Employee-wise details of the shares issued to;	
(i) senior managerial personnel;	NIL
(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;	NIL

Particulars	Details
(iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the Company at the time of issuance;	NIL
(iv) Consideration received against the issuance of shares, if scheme is implemented directly by the Company	NIL
(v) Loan repaid by the Trust during the year from exercise price received	NIL

E. Details related to Trust:

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

(i) General information on all schemes:

S. No.	Particulars	Details
a.	Name of the Trust	HFCL Employees' Trust
b.	Details of the Trustee(s)	(i) Mr. Brij Behari Tandon* (ii) Mr. Pankaj Jain** (iii) Mr. Anil Kumar Jain*** (iv) Mr. Baburaj Eradath***
c.	Amount of loan disbursed by the Company/any Company in the group, during the year	NIL
d.	Amount of loan outstanding as at the end of the year (repayable to Company/any company in the group)	₹79,38,460
e.	Amount of loan, if any, taken from any other source for which Company/any company in the group has provided any security or guarantee	NIL
f.	Any other contribution made to the Trust during the year	NIL

*Ceased to be a Trustee with effect from July 22, 2026

**Ceased to be a Trustee with effect from March 12, 2026 due to his demise.

***Appointed as Trustees with effect from July 22, 2026

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

S. No.	Particulars	Details
(a)	Number of shares held at the beginning of the year	5,97,500
(b)	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	NIL
(c)	Number of shares transferred to the employees/sold along with the purpose thereof	2,58,700
(d)	Number of shares held at the end of the year	3,38,800

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

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

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

The details as required to be disclosed under the SBEB & SE Regulations can be accessed at the https://cdn.prod.website-files.com/69e0036b695965871f0524aa/6a9bb542a86641bfcf5f2e28_Disclosure_of_ESOP_Annexure_2026.pdf.

ANNEXURE (B) TO DIRECTORS' REPORT**A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED BY THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016: -****I. Ratio of the remuneration of each director to the median remuneration of all the employees of your Company for FY26 is as follows:-**

Sr. No.	Name of Director	Category	Ratio of remuneration of Director to the Median remuneration
1.	Mr. Mahendra Nahata	Managing Director	185.15
2.	Mr. Arvind Kharabanda	Non-Executive Director	3.12
3.	Dr. (Mr.) Ranjeet Mal Kastia	Non-Executive Director	1.60
4.	Mr. Bharat Pal Singh*	Independent Director	1.52
5.	Mr. Anil Narendra Shah**	Independent Director	0.48
6.	Mr. Ajai Kumar	Independent Director	1.60
7.	Mrs. Bela Banerjee	Independent Director	1.68

*Mr. Bharat Pal Singh (DIN: 00739712) had completed his second term as Independent Director on the close of business hours on January 20, 2026.

** During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485), as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

Notes:

1. The information provided above is on standalone basis.
2. Remuneration to Directors includes sitting fees paid to Non-Executive Directors.
3. Median remuneration of the Company for all its employees is ₹9,37,883/- for the FY26.
4. The remuneration paid to Directors is within the overall limits approved by the shareholders.

II. Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, other Executive Directors and Company Secretary during the FY26:

Sr. No.	Name of Director	Category	Increase (%)
1.	Mr. Mahendra Nahata	Managing Director	103.99
2.	Mr. Vijay Raj Jain	Chief Financial Officer	41.87
3.	Mr. Manoj Baid	President & Company Secretary	67.63

III. Percentage increase in the median remuneration of all employees in the FY26:

Particulars	Increase (%)
Median remuneration of all employees per annum	4.21

IV. Number of permanent employees on the rolls of the Company as on March 31, 2026:

The number of permanent employees on the rolls of the Company as on March 31, 2026 were 1,820. Besides, the Company has also 1,653 personnel on off-roll or contractual basis as on March 31, 2026.



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

Name	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	5.13
Average Salary of Managing Director	103.99*
Average Salary of CFO and Company Secretary	47.24**

*The increase in remuneration of Mr. Mahendra Nahata, Managing Director, during FY26 was primarily attributable to the approval of net profit based remuneration of ₹5 crore (Rupees Five Crore only) for FY26 by the Nomination, Remuneration and Compensation Committee and the Board of Directors at their respective meetings held on April 30, 2026. While approving the remuneration, due consideration was given to the Company's performance during FY26, its future growth prospects, the Company's ability to pay in light of its cash flow position, industry benchmarks, the size and scale of operations of the Company, and the significant contributions made by the Managing Director in driving the Company's performance in a highly competitive business environment. Further, leave encashment pertaining to prior financial years, for which provisions had already been made in the respective years' financial statements, was paid during FY26.

**The increase in the remuneration of the Chief Financial Officer during FY26 was primarily attributable to the payment of Long-Term Incentives amounting to ₹1.15 crore and a one-time bonus/ex gratia payment amounting to ₹1.20 crore during the year. The increase in the remuneration of the Company Secretary during FY26 was primarily attributable to the payment of Long-Term Incentives amounting to ₹0.48 crore during the year.

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

ANNEXURE (C) TO DIRECTORS REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2026

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

To,
The Members
HFCL Limited

CIN: L64200HP1987PLC007466
8, Electronics Complex
Chambaghat
Solan - 173 213, Himachal Pradesh

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HFCL Limited** (hereinafter called the **"Company"**) for the financial year ended **31st March, 2026** (**"Audit Period"**). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

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

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

- | | |
|--|---|
| <ul style="list-style-type: none"> (i) The Companies Act, 2013 (the "Act") and rules made thereunder including any re-enactment thereof; (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; (iii) The Depositories Act, 1996 and the Regulations and bye - laws framed thereunder; (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings wherever applicable; (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):- | <ul style="list-style-type: none"> (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (d) Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (Not applicable during the Audit Period); (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021; (Not applicable during the Audit Period); (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable during the Audit Period); (i) Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act, 2013 and dealing with client to the extent of securities issued (upto December 14, 2025) (Not applicable during the Audit Period); (j) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding Companies Act, 2013 and dealing with client to the extent of securities issued (effective from December 15, 2025) (Not applicable during the Audit Period); (k) Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (Not applicable during the Audit Period); (l) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (to the extent applicable); (m) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; and |
|--|---|

Other laws as applicable specifically to the Company:

- a) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- b) Employees State Insurance Act, 1948;
- c) The Factories Act, 1948;
- d) The Indian Contract Act, 1872;
- e) The Minimum Wages Act, 1948;
- f) The Payment of Bonus Act, 1965;
- g) Payment of Gratuity Act, 1972;
- h) The Payment of Wages Act, 1936;
- i) The Industrial Disputes Act, 1947;
- j) The Maternity Benefit Act, 1961;
- k) The Contract Labour (Regulation and Abolition) Act, 1970;
- l) The Apprentices Act, 1961;
- m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
- n) The Industrial Employment (Standing Orders) Act, 1946 and other applicable labour laws.

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

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

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

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

I FURTHER REPORT THAT:-

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

During the audit period Mr. Bharat Pal Singh (DIN:00739712) completed his second term as Non-executive Independent Director on January 20, 2026 and consequently ceased to be a Director of the Company w.e.f. January 21, 2026, in terms of the provisions of section 149(11) of the Companies Act, 2013. The Company appointed Mr. Anil Narendra Shah (DIN:01844485) as an additional (Independent) Director on the Board of the Company for his first term of three consecutive years from January 21, 2026, to January 20, 2029, for which approval of the shareholders has also been obtained through the process of postal ballot during the audit period.

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

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

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

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

Allotment of Equity Shares pursuant to the Qualified Institutions Placement ("Issue")

Pursuant to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the "**SEBI ICDR Regulations**") and the provisions of all other applicable laws, rules, and regulations, guidelines, circulars and notifications, and pursuant to the resolution of the Board of Directors of the Company passed on July 25, 2025, the special resolution passed by the Shareholders of the Company at the 38th Annual General Meeting held on September 15, 2025, through Video Conferencing ("**VC**") and other audio visual means ("**OAVM**") the placement agreement dated December 22, 2025, and placement document dated December 24, 2025, and pursuant to the applications received from eligible qualified institutional buyers ("**QIBs**") in the Qualified Institutions Placement under Chapter VI of the SEBI ICDR Regulations (the "**Issue**") and section 42 and section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder, the Fund Raising Committee of the Board of Directors, vide its resolution dated December 24, 2025, had approved the

issue and allotment of 8,79,29,651 Equity Shares of the face value of ₹1/- each of the Company (the “**Equity Share**”) at a price of ₹62.55 per Equity Share (“**Issue Price**”) {and reflecting a discount of ₹3.29 (i.e. 5%) on the floor price of ₹65.84 per equity share) (including premium of ₹61.55 per equity share)} against receipt of full payment of application monies in HFCL Ltd. - Escrow Account, aggregating to **₹549,99,99,670.05** (Rupees Five Hundred Forty Nine Crore Ninety-Nine Lakhs Ninety-Nine Thousand Six Hundred Seventy and Five Paise only), in accordance with the details specified in the confirmation of allocation note and the application form for the Issue.

Name : **CS BALDEV SINGH KASHTWAL**
FCS No. : **3616**
C P No. : **3169**
ICSI – UDIN : **F003616H000238004**
Peer Review Certificate Number : **7700/2026**
ICSI – Unique Code : **I1999DE144000**

Date: April 30, 2026

Place: New Delhi

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

**"Annexure-1"**

To,

The Members

HFCL Limited

CIN: L64200HP1987PLC007466

8, Electronics Complex, Chambaghat

Solan - 173 213, Himachal Pradesh

My Secretarial Audit Report for the financial year ended 31st March, 2026 of even date is to be read along with this letter.

I report that:-

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

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

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

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

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

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

Name : CS BALDEV SINGH KASHTWAL

FCS No. : 3616

C P No. : 3169

ICSI – UDIN : F003616H000238004

Peer Review Certificate Number : 7700/2026

ICSI – Unique Code : I1999DE144000

Date: April 30, 2026

Place: New Delhi

ANNEXURE (C1) TO DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

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

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HTL Limited** (hereinafter called "the Company") for the year ended 31.03.2026. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March 2026** ('Audit Period'), has complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2026** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable during the Audit period).**
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable during the Audit period).**
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable during the Audit period).**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable during the Audit period).**
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable during the Audit period).**
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the Audit period).**
- d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not applicable during the Audit period).**
- e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable during the Audit period).**
- f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable during the Audit period).**
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable during the Audit period).**
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable during the Audit period).**
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable during the Audit period).**
6. Labour Laws:
 - a. The Factories Act, 1948
 - b. Industrial Disputes Act, 1947
 - c. The Minimum Wages Act, 1948
 - d. The Payment of Wages Act, 1936
 - e. Employees' State Insurance Act, 1948
 - f. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
 - g. The Payment of Bonus Act, 1965



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

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

I FURTHER REPORT THAT:

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

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

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

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

I FURTHER REPORT THAT during the audit period, the Company did not have any major event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

R. Balasubramanian

Practising Company Secretary

FCS No. 10011 CP No. 11979

UDIN: F010011H000099694

PR No. 2641/2022

Place: Chennai

Date: April 15, 2026

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

"Annexure-A"

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

I report that:

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

R. Balasubramanian
Practising Company Secretary
FCS No. 10011, CP No. 11979
UDIN: F010011H000099694
PR No. 2641/2022

Place: Chennai
Date: April 15, 2026

**ANNEXURE (D) TO DIRECTORS' REPORT****FORM NO. AOC-2**

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

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

- 1. Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts/arrangements entered into by the Company during the financial year ended March 31, 2026 which were not at arm's length basis.
- 2. Details of material contracts or arrangement or transactions at arm's length basis:** The transactions as mentioned herein below, were entered into at arm's length and in the ordinary course of business, but material in terms of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's Policy on Related Party Transactions:

Sr. No.	Corporate identity number (CIN) and Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	HTL Limited (Material Subsidiary) CIN: U93090TN1960PLC004355	- Purchase/ Sale of goods & materials on a continuous basis; - Availing/ Rendering of services on a continuous basis; - Interest on outstanding ICDs/ Business Advances - Providing of security/Giving of Corporate Guarantees	Financial Year 2025-26	All the transactions were made in the ordinary course of business and on arms' length basis, pursuant to the necessary approvals granted by the Audit Committee, Board of Directors and members of the Company, amounting to ₹626.47 crore in aggregate. In addition, Corporate Guarantees to the extent of ₹571.02 crore have been given for the term loans and working capital facilities of HTL Limited as at March 31, 2026, pursuant to requisite approvals.	September 02, 2024	N.A.

For and on behalf of the Board

Place: New Delhi
Date: September 02, 2026

Mahendra Nahata
Managing Director
DIN: 00052898

Arvind Kharabanda
Non-Executive Director
DIN: 00052270

ANNEXURE (E) TO DIRECTORS' REPORT

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

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy:

The Company continued to improve energy efficiency across its offices and manufacturing facilities during the year, with a focus on reducing avoidable electricity consumption and improving operational practices. The measures undertaken included the following:

- a. Optimising electricity consumption across operations and office facilities.
- b. Reducing paper consumption by limiting avoidable printing and controlling access to printing facilities.
- c. Using digital communication channels, including email and telephone, wherever operationally appropriate.
- d. Using LED luminaires across manufacturing facilities to reduce electricity consumption.
- e. Replacing ultraviolet lighting systems with LED technology at the Goa plant, resulting in electricity savings of approximately 7,00,000 units during the year.
- f. Installing digital nitrogen flow meters at the Goa plant to improve process control, resulting in estimated electricity savings of 59,586 units during the year.
- g. Replacing diesel-operated forklifts with electric forklifts at the Hyderabad and Goa plants, reducing diesel consumption by approximately 480 litres and 790 litres per month, respectively.
- h. Using a double-glazed façade at the Hyderabad facility to reduce cooling and lighting requirements.

The Company will continue to assess energy-saving opportunities across its operations and implement technically and commercially viable measures.

(ii) The steps taken by the Company for utilising alternative sources of energy:

The Company continued to increase its use of renewable energy across its manufacturing facilities.

- a. At the Hyderabad plant, the Company has already commissioned a 1 MWp rooftop solar power system during the current financial year, expected to generate approximately 1.5 million units of electricity annually. This is expected to meet around 3%-4% of the Hyderabad plant's annual electricity requirement and contribute to the Company's sustainability and carbon reduction initiatives.

- b. At the Goa plant, the Company has set a target of sourcing 40% of its electricity from renewable sources, to be achieved through a combination of a 0.9 MWp rooftop solar installation currently being commissioned and procurement under green power purchase arrangements, the latter subject to requisite state regulatory approvals.
- c. The rooftop solar installation is expected to meet approximately 7% of the Goa plant's electricity requirements during FY27, with the balance 33% target expected to be met through green power procurement thereafter.
- d. At the Hosur plant, the Company sourced approximately 72% of its electricity from renewable sources during FY26.

(iii) The capital investment on energy conservation equipment: ₹23.40 Lakhs

(B) TECHNOLOGY ABSORPTION:

(i) The efforts made towards technology absorption:

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

- i. Developing new-generation wireless point-to-point and point-to-multipoint connectivity solutions with improved energy efficiency while delivering higher capacity.
- ii. **Wi-Fi Access Points and Unlicensed Band Radios** - HFCL's Wi-Fi 6 Access Points are designed to deliver high-performance wireless connectivity while incorporating advanced energy-efficiency mechanisms. Wi-Fi 6 technology offers significantly higher spectral efficiency than previous Wi-Fi generations, enabling the transmission of the same volume of data in a shorter time. This reduces airtime utilisation and lowers the energy consumed per bit of data transmitted.

A key energy-saving feature is Target Wake Time (TWT), which allows connected client devices to schedule communication intervals with the access point. This reduces unnecessary device wake-ups, extending battery life and lowering power consumption for end-user devices.

In addition, HFCL's Wi-Fi solutions incorporate several configurable power optimisation capabilities that enable customers to align energy consumption with operational requirements:



- **SSID Scheduling:** Wireless networks (SSIDs) can be automatically enabled or disabled based on predefined schedules, reducing power consumption during non-operational hours.
- **Selective Radio Operation:** The 2.4 GHz radio can be disabled in environments where legacy device support is not required, thereby reducing overall power usage.
- **Adaptive Transmit Power Control:** Transmission power can be automatically adjusted based on real-time coverage and capacity requirements, ensuring optimal energy utilisation.
- **Software Feature Optimisation:** Non-essential software functionalities can be selectively disabled to minimise resource utilisation and power consumption.

These capabilities help optimise energy efficiency, reduce operational costs, and support environmentally sustainable network deployments while maintaining superior wireless performance.

- Surveillance Solutions
- Electro Optics solutions.
- Military armament and ammunition related solutions.
- Electronic Warfare (EW) and Tactical Communication System.
- Developing new generation 5G wireless radio products with energy efficiency features. These products include indoor and outdoor FWA CPE products covering both Sub 6 GHz and mm Wave. In addition, the portfolio includes Access Routers/ Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers for backhauling of 5G traffic.

The main areas of focus are:

- New generation higher efficiency and higher capacity point-to-point and point-to-multipoint connectivity solutions in unlicensed bands;
- Wi-Fi 7 Enterprise Access Points for optimising energy consumption especially in battery powered client devices;
- Unified Cloud management platform integrating AI-based analytics and advanced parental control features;
- HFCL's next-generation Distribution and Access Switches, powered by an indigenous Network Operating System (NOS), are designed to deliver high-performance, secure, and sustainable network connectivity. The product portfolio incorporates multiple energy-efficient technologies that

optimise power consumption while maintaining operational performance.

Key energy-saving features include:

- **Compliance with Energy Efficient Ethernet (IEEE 802.3az):** The switches automatically reduce power consumption during periods of low network utilisation without requiring manual configuration, thereby improving overall energy efficiency.
- **Intelligent Power Optimisation:** Advanced cable-length detection technology adjusts power delivery based on the length of connected Ethernet cables, reducing energy consumption on shorter cable runs.
- **Dynamic PoE Power Allocation:** All PoE switch variants support intelligent and dynamic Power over Ethernet (PoE) allocation, automatically increasing or decreasing power delivery based on the real-time requirements of connected devices. This ensures optimal energy utilisation and minimises power wastage.
- **Fanless Architecture for Low-Port-Density Models:** Selected low-port-density switch models are designed with a fanless architecture, eliminating the need for active cooling and significantly reducing power consumption while improving reliability.
- **LED Power Management:** Configurable LED controls enable users to switch off non-essential status indicators, providing additional energy savings during operation.

These energy-efficient design features contribute to lower operating costs, reduced power consumption, and a smaller environmental footprint, supporting HFCL's commitment to sustainable technology development and environmentally responsible network infrastructure.

- Surveillance products for Video and RF surveillance consisting of short range and medium range ground and coastal surveillance Radar solutions in addition to VMS solutions with a range of analytics;
- Electro Optical solutions for various weapon sights;
- Electronic fuze solutions for artillery ammunition of various calibres and artillery shells;
- Compact Trans-horizon Communication System (CTCS) for beyond the horizon and LOS communication;
- Multi-Mode Hand Grenades (MMHG) ToT from DRDO;
- Improvement in BMP 2 Armament to improve fighting capability of Indian Defence Forces;

- xi. Our indoor and outdoor FWA CPE products supports SA and NSA mode of operations and offer energy saving features like discontinuous transmission and reception (DRX);
- xii. Our Access, Pre-aggregation and Aggregation Router products have very high energy efficiency due to use of advanced ASICs, compact design with a 1 RU (Rack Unit) form factor and thermal efficient design. These Router products are industry leading in energy efficiency both in average power consumption and peak power consumption and deliver high bandwidth at very low power-to-throughput ratio. For example, our 800 Gbps Aggregation Router has an average power-to-throughput ratio of 0.25 Watts per Gbps of throughput. The Power Supply Units used in our Routers have an 80Plus Platinum rating with an efficiency of greater than 85 percent at 100 percent load. Our Router product has innovative software features that dynamically control the power consumption of key components like fans based on the ambient temperature and system load on the router.

Energy efficiency remains a core pillar of HFCL's wireless R&D strategy, reflected in a growing intellectual property portfolio and leadership in international standardisation.

During the year, HFCL built a portfolio of 15 patent filings dedicated to energy-efficient wireless networks. These cover the full network chain, from radio unit power management, adaptive transmit power control, and adaptive average power tracking at the hardware level, to per-service energy management and policy enforcement at the base station, network-coordinated energy management, end-to-end network power optimisation through user equipment handover, and network-supported UE energy saving on a per-service basis.

In international standardisation, HFCL led the work on the Energy Efficiency for Sustainability usage scenario in ITU-R WP5D from India (through NSG-5), alongside Integrated Sensing and Communication (ISAC). HFCL also contributed to the ITU-R WG Technology reports on Minimum Technical Performance Requirements and Evaluation Guidelines for IMT-2030, shaping how energy efficiency will be specified and evaluated in 6G.

Complementing this, HFCL published a use case on an AI-enabled Power-Efficient Macro Radio Unit in ITU AI for Good, which was nominated for the SAIL Award, demonstrating how the Company's energy-efficiency research can be leveraged to build deployable innovative product features.

The research focus is to develop technologies in 6G timeframe with more advanced energy efficiency features.

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

a) **Electro-Optics:**

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

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

Efforts include product improvement and cost reduction.

b) **Military Armament and Ammunition:**

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

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

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

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

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

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

**d) Transfer of Technology (ToT):**

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

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

High Capacity Radio Relay

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

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

- a) Indoor Unit (IDU):** The FPGA based Indoor Unit of HCRR provides electrical and optical user data interfaces to connect various end user data devices. It multiplexes user data at the input interfaces to a common baseband and feeds the aggregated data to the ODU located up to 2km away supporting remote installation. User manageable and configurable device has built in feature for fault diagnostics and self-test. The device also provides selective calling for operators to support link engineering during field deployment. It supports an EoW to engineer radio link with built-in AES 128bit encryption and selective calling facility.
- b) Out Door Unit (ODU):** Out Door Unit of HCRR is rugged and light weight. It's operating frequency is 4000 MHz to 5000 MHz. It operates with 24V DC and consume very low power of less than 100w. Power output of ODU is around 1w. This is able to provide

communication range of 20km in LOS conditions. It supports robust modulation schemes with error correction methods for more reliable and stable link. ECCM feature of radio unit features to operate in a hostile battle field environment. The radio is easy to configure, monitor and fault diagnostic through a user friendly GUI. It support SNMP V3 based management.

- c) Power Supply Unit (PSU):** The Power supply operates on 230v AC and 48v DC with automatic changeover for fail-safe operation. It is designed to provide power supply to ODU, Rotator and motorised Mast system. It also has built in feature for fault diagnostics and self-test.
- d) Mast System:** 18 meter motorised Mast, capable of 50 kg head load, can be erected both manually and automatically. It can be used in both ground and vehicular role. It can withstand the wind velocity up to 80 kmph operational and 120 kmph for sustainability.
- e) Rotator and Tilter Unit (RATU):** The electronically controlled rotator unit supports antenna rotation of $\pm 180^\circ$ on horizontal plane and $\pm 10^\circ$ on vertical plane. The unit encompasses GPS and DMC for true north alignment. The unit is manageable via NMS.
- f) Network Management System (NMS):** The SNMP V3 based ruggedised NMS manages, configures and conducts fault diagnostics of all the subsystem from a central location.
- g) Antenna system:** High gain Point to point (PtP) and Point to Multi Point (PtMP) antenna system is designed to provide more than 20 km Line of Sight (LOS) communication range with high reliability. PtMP antenna has a coverage of 120 degrees.

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

Ground and Coastal Surveillance Radar

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

Radars are designed to achieve high reliability under severe weather conditions with no mechanical wear and tear. These radars are all-in-one fully integrated

units comprising power supply, passive electronically scanned array (PESA) antenna, RF front end, radar signal processing, radar data processor with plot extractor and multi-target tracking and user-friendly display and GUI.

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

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

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

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

Wireless access and backhaul solutions

The Company has successfully developed the complete Wi-Fi and backhaul network solution that is based on latest and upcoming international standards. While the

entire portfolio of products is designed to be world-class and ready to compete with global brands, yet these have been fully designed, developed and manufactured in India with full IPR ownership residing with the Company in India. All these products are extremely power efficient and fully compliant to PMA guidelines of Government of India.

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

- a) **Access Point Portfolio** – The Access Point portfolio consists of a mix of Indoor and Outdoor products working on the latest Wi-Fi technology (Wi-Fi 6 and Wi-Fi 7). All Outdoor Access Points are rugged and IP67 rated, making them ideal for harsh and challenging end user deployments. The Access Points are capable of delivering very high throughput and efficiency and are ideally suited for all customer deployments, like In-home, Enterprises and Telecom Service Providers networks. The Access Point Portfolio is also integrated with Telecom Infra Project OpenWiFi that enables HFCL to be part of open-source community. The new generation Home Mesh Routers provide enhanced coverage and provide advanced parental controls for managed wi-fi services offered by operations in homes.
- b) **Unlicensed Band Radio Portfolio** – The Unlicensed Band Radios (UBR) are feature-rich, top-of-the-line, high capacity products for all backhaul requirements of Enterprises and Telecom Service Providers. Entire portfolio has improved efficiency to support point-to-point (P2P) and point-to-multi-point (P2mP) applications, high throughput, zero-touch provisioning and redundancy support, making them the best in terms of spectral efficiency in the unlicensed band. Some special features developed by HFCL in their UBRs make them ideal for backhauling 5G and OLT traffic as well making these radios as one of the most power efficient wireless backhaul systems.
- c) **Cloud Network Management System** – The Company's Unified Cloud Network Management System (UcNMS) combines offers a massively scalable and service-rich, management platform for enterprise and service provider deployments for a single window management of entire network. The platform is highly flexible and can be ported onto any x86 server, public, private or hybrid cloud deployment.
- d) 5G Portfolio of products include Indoor and Outdoor FWA CPE supporting LTE, 5G NR and mmWave frequency bands with support for Power Class 3 (23 dBm), Power Class 2 (26 dBm) and Power Class 1.5 (29 dBm).

- e) 5G Portfolio of products include Access Routers/ Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers that can be used for backhauling of 5G traffic. These routers have unique features like hot swappable fans and hot swappable power supply units for ease of operation and maintenance.

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

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

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

After successful deployment of Company's products across multiple customer networks, these new development areas give customers a leverage to adopt next generation products and solutions without having to worry about migration. Furthermore all the current and next generation products are fully interoperable and managed by a single cloud platform that has been already been upgraded to support the entire next-generation product portfolio.

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

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

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

Important derivative of the R&D efforts is to completely indigenise the critical and controlled technologies that were not available in the Country till now. This will result in sizeable forex saving for the Country by way of making available high technology Make in India products and would also open up good avenues of exports with significant advantages of cost competitiveness.

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

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

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

	(₹ in crore)
a) Capital	80.63
b) Recurring	1.71
c) Total	82.34
d) Total R & D expenditure as a percentage of total Turnover	1.82%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ in crore)	
Particulars	Financial Year ended March 31, 2026	Financial Year ended March 31, 2025
Foreign exchange earned in terms of actual inflows	1,828.23	424.47
Foreign exchange outgo in terms of actual outflows	1,190.86	757.64

ANNEXURE (F) TO DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

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

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

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

2. The composition of the CSR Committee:

The composition of the CSR Committee during the financial year ended March 31, 2026, is as under:

Sr. No.	Name of the Director	Designation	Position	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Mahendra Nahata	Managing Director	Chairman	01	01
2.	Mr. Ajai Kumar	Independent Director	Member	01	01
3.	Mr. Bharat Pal Singh (Upto 20.01.2026)	Independent Director	Member	N.A.	N.A.
4.	Mr. Ranjeet Mal Kastia (w.e.f. 21.01.2026)	Non-Executive Director	Member	01	Nil

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

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

Composition of CSR committee: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7cd29c305c417a1b83aa8_HFCL-Composition-of-Board-Committees.pdf

CSR Policy: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f052623_CSR_Policy.pdf

CSR projects approved by the Board: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7e3df8e13f6e9dcc5581b_CSR%20AAP%20FY25-26.pdf

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

Not applicable.



5. (a) Average Net Profit of the Company as per Section 135(5) : ₹342,44,36,135
 (b) Two percent of average net profit of the Company as per Section 135(5) : ₹6,84,88,723
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
 (d) Amount required to be set off for the financial year, if any : N.A.
 (e) Total CSR obligation for the financial year (b+c-d) : ₹6,84,88,723
6. (a) CSR amount spent for the financial year (both Ongoing Project and other than Ongoing Project) : ₹1,30,00,000
 (b) Spent in Administrative overheads : ₹34,00,000
 (c) Amount spent on Impact Assessment, if applicable : Nil
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹1,64,00,000
 (e) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial year (in ₹)	Amount unspent (in ₹)				
	Total Amount transferred to unspent CSR Account as per sub Section 6 of section 135		Amount transferred to any fund specified under schedule VII as per second proviso to sub-section 5 of section 135		
	Amount (in ₹)	Date of transfer	Name of the fund	Amount (in ₹)	Date of Transfer
1,64,00,000	5,26,00,000	April 29, 2026	N/A	N/A	N/A

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

Sr. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	6,84,88,723
ii.	Total amount spent for the Financial Year	1,64,00,000
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	N.A
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any.	N.A
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	N.A.

The total amount allocated towards CSR obligation for FY26 was ₹6,90,00,000, against the actual CSR obligation of ₹6,84,88,723. During the FY26, the Company incurred CSR expenditure of ₹1,64,00,000. Accordingly, an unspent amount of ₹5,26,00,000 has been transferred to Unspent CSR Account on April 29, 2026, representing the difference between the amount allocated and the actual CSR expenditure made. Out of this, ₹5,11,277 pertains to the excess allocation over the actual CSR obligation.

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2024-25	6,35,00,000	6,35,00,000 [^]	1,92,55,461		N.A.	4,42,44,539	N.A.
2	2023-24	4,87,80,699	3,17,09,811*	3,17,09,811		N.A.	Nil	N.A.
3	2022-23	3,23,82,184	Nil**	N.A.		N.A.	N.A.	N.A.

[^]Unspent balance as on April 30, 2025

*Unspent balance as on April 01, 2025

**Unspent balance as on April 01, 2025

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
NA							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

The Company has allocated its CSR funds towards ongoing projects and the unspent amount pertains to these projects. The funds will be spent in accordance with the approved timelines for each respective project, as permitted under the provisions of Section 135(6) of the Companies Act, 2013.

Place: New Delhi
Date: September 02, 2026

Mahendra Nahata
Managing Director &
Chairman – CSR Committee



Corporate Governance Report

The Corporate Governance report for the financial year 2025-26 ("FY26"), which forms part of the Annual Report, is prepared in accordance with Regulation 34, read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

This Report is in compliance with the Listing Regulations.

Corporate Governance is a set of standards which aims to improve the Company's image, efficiency and effectiveness.

It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large.

Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to Corporate Governance.

A report on compliance with the implementation of Regulation 34(3) read with Chapter IV and Schedule V to the Listing Regulations is given below:

1. HFCL PHILOSOPHY ON CORPORATE GOVERNANCE

The cardinal principles of the Corporate Philosophy of HFCL on Corporate Governance can be summarised in the following words:

"Transparency, Professionalism and Accountability with an ultimate aim of value creation"

HFCL Corporate Philosophy envisages complete transparency and adequate disclosures with an ultimate aim of value creation for all players i.e., the Stakeholders, the Creditors, the Government and the Employees.

2. BOARD OF DIRECTORS

The composition of the Board is in conformity with Regulation 17 and 17A of the Listing Regulations as well as the Companies Act, 2013 (the "Act").

As on March 31, 2026, the Company had 06 (six) Directors on the Board with an optimum mix of Executive, Non-Executive and Independent Directors.

As on March 31, 2026, more than 50% of the Board comprised of Non-Executive Directors. Out of 06 (Six) Directors, 03 (three) are Non-Executive Independent

Directors including 01 (one) Independent Woman Director, 02 (two) are Non-Executive Directors and 01 (one) is Promoter & Managing Director.

The Directors take active part in the deliberations at the Board and committee meetings by providing valuable guidance and expert advice to the Management on various aspects of business, policy direction, governance, compliance, etc. and play a critical role on strategic issues and add value in the decision-making process of the Board of Directors.

All the Independent Directors of the Company have confirmed that they satisfy the criteria of Independence as indicated in the Act and the Listing Regulations including any statutory modification/enactments thereof. They have also confirmed their registration with the databank of independent directors maintained by the Indian Institute of Corporate Affairs in compliance with the requirements of Section 150 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Detailed profile of each Director is available on the website of the Company at www.hfcl.com.

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

The Board periodically evaluates the need for change in its size and composition.

A Certificate as required under Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company, is enclosed and forms part of this Report.

Board/Committees Procedures and flow of information

The Board meets at least once in a quarter to, *inter-alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, minutes of the board meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, any other proposal from the Management etc.

The maximum gap between any two Board/committee meetings is within the stipulated period under the provisions of the Act and the Listing Regulations. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation.

The Company also provides video conferencing facility to its directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The agenda for the meetings is circulated well in advance to the directors to ensure that sufficient time is provided to directors to prepare for the meeting.

Information placed before the Board

The Board has complete access to all information of the Company, including *inter-alia*, the minimum information required to be made available to the Board as prescribed under Part A of Schedule II to the Listing Regulations.

The Managing Director, SBUs (Strategic Business Unit)/ Functional Heads of the Company make presentations to the Board/Committees on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, internal audit reports, compliance reports, etc.

The important decisions taken at the Board/committee meetings are communicated to the concerned Departments/Divisions.

The Company adheres to the provisions of the Act read with the rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

2.1 Board Meetings

During the financial year ended March 31, 2026, 07 (seven) Board meetings were held on May 22, 2025, July 11, 2025, July 25, 2025, August 11, 2025, October 17, 2025, February 03, 2026 and March 25, 2026.

The requisite quorum was present for all the meetings held during the year under review.

The last Annual General Meeting (AGM) was held on September 15, 2025.

The attendance of each Director at the meetings of the Board of Directors held during the financial year under review as well as in the last AGM and the number of directorships held by them, as at March 31, 2026, are as under:

Name of the Director	DIN	Category	Total No. of Directorships [§]	No. of Board Meetings		Attended last AGM (September 15, 2025)	Shareholding in the Company
				Entitled to Attend	Attended		
Mr. Mahendra Nahata	00052898	PD (MD)	07	07	07	Yes	13,35,091 (0.09%)
Mr. Arvind Kharabanda	00052270	NED	07	07	07	Yes	Nil
Dr. (Mr.) Ranjeet Mal Kastia	00053059	NED	07	07	07	Yes	Nil
Mr. Ajai Kumar	02446976	NEID	11	07	07	Yes	Nil
Mr. Anil Narendra Shah*	01844485	NEID	01	02	02	N.A.	Nil
Mrs. Bela Banerjee	07047271	NEID	03	07	07	Yes	Nil
Mr. Bharat Pal Singh**	00739712	NEID	Nil	05	05	Yes	Nil

[§]The number of directorships held by the Directors as mentioned above does not include directorship of foreign companies, Section 8 companies, if any. (NEID – Non-Executive Independent Director, PD – Promoter Director, MD – Managing Director, NED – Non-Executive Director)

*During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485), as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

**Mr. Bharat Pal Singh (DIN: 00739712) had completed his second term as Independent Director on the close of business hours on January 20, 2026.

**2.2 Directorship in other listed companies/ committee position (including HFCL Limited) as at March 31, 2026:**

S. No.	Name of Director & Category	Directorship in listed companies along with category	Committee Position(s) *		
			Name of Company	Name of Committee Position	
1	Mr. Mahendra Nahata Managing Director (Executive)	HFCL Limited – Executive	Nil	Nil	Nil
2	Mr. Arvind Kharabanda (Non-Executive)	HFCL Limited – Non-Executive	HFCL Limited	Audit	Member
				Stakeholders' Relationship	Chairman
3	Dr. (Mr.) Ranjeet Mal Kastia (Non-Executive)	HFCL Limited – Non-Executive	Rajasthan Antibiotics Limited	Audit	Member
		HCP Plastene Bulk Pack Limited – Independent	HFCL Limited	Stakeholders' Relationship	Member
4	Mr. Ajai Kumar (Independent)	HFCL Limited – Independent	HFCL Limited	Audit	Chairman
		Can Fin Homes Limited – Independent	Can Fin Homes Limited	Audit	Member
		Delphi World Money Limited – Independent	Sammaan Asset Management Ltd. (formerly known as Indiabulls Investment Management Limited)	Audit	Member
		Authum Investment and Infrastructure Limited – Independent	Amar Ujala Limited	Audit	Chairman
			Adani Petronet (Dahej) Port Limited	Audit	Chairman
			Nukleus Office Solutions Limited	Audit	Chairman
		IOT Utkal Energy Services Limited - Independent	IOT Utkal Energy Services Limited	Audit	Chairman
				Stakeholders' Relationship	Member
5	Mrs. Bela Banerjee (Independent)	HFCL Limited – Independent	Western Capital Advisors Private Limited	Audit	Member
			HFCL Limited	Audit	Member
				Stakeholders' Relationship	Member
			Adhunik Power & Natural Resources Limited	Audit	Member
6	Mr. Anil Narendra Shah** (Independent)	HFCL Limited – Independent	HTL Limited	Audit	Member
			HFCL Limited	Audit	Member

*Audit Committee and Stakeholders' Relationship Committee positions only are considered.

**During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485), as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

None of the Directors on the Board holds directorships in more than ten public companies and memberships in more than ten committees and none of them acts as chairperson of more than five committees across all public limited companies in which he/she is director, in terms of the limits stipulated under the Act and the Listing Regulations.

None of the Directors serves as a director or independent director in more than seven listed entities and in case he/she is serving as a whole-time director in any listed company, does not hold the position of independent director in more than three listed companies.

Necessary disclosures have been made by all the Directors regarding their board/committee positions.

2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company is related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument in the Company as on March 31, 2026.

2.5 Evaluation of Board

Listing Regulations mandate the board of listed companies to monitor and review the Board Evaluation framework. Section 134(3) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014, issued thereunder further provides that formal annual evaluation needs to be made by the board of its own performance and that of its committees and individual directors.

Schedule IV to the Act and Regulation 17(10) of the Listing Regulations states that the performance evaluation of independent directors shall be done by the entire board of directors, excluding the director being evaluated.

After taking into consideration the Guidance Note on Performance Evaluation of Board issued through Master Circular dated January 30, 2026, questionnaires were prepared to evaluate the performance of the Board, various committees of the Board and individual performance of each director of the Company.

The Questionnaires for evaluation of performance of the Directors were prepared based on various aspects which amongst other parameters included the level of participation of the Directors, understanding of the roles and responsibilities of Directors, understanding of the business and competitive environment in which the Company operates, understanding of the strategic

issues and challenges for the Company, protecting the legitimate interest of the Company, shareholders and employees, implementation of best corporate governance practice etc.

The parameters for performance evaluation of Board included composition of the Board, process of appointment to the Board of directors, common understanding that all the Board members have understanding of the roles and responsibilities of the Board, timeliness for circulating the board papers, content and the quality of information provided to the Board, attention to the Company's long term strategic issues, evaluating strategic risks, overseeing and guiding major plans of action, acquisitions, divestment etc.

Some of the performance indicators for the Committees include understanding of the terms of reference, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties and performance of the Committee vis-à-vis its responsibilities, composition of the Committee with the appropriate mix of experience, knowledge and skills.

Pursuant to Regulation 17(10) of the Listing Regulations, the performance evaluation of independent directors was done by the entire Board of Directors excluding independent director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other included participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/ commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent judgement in the best interest of the Company, ability to contribute and monitor corporate governance practice, adherence to the code of conduct for independent directors, bringing independent judgement during board deliberations on strategy, performance, risk management, etc.

Basis the feedback received on questionnaire from all the Directors, the performance of the Board as a whole, committees of the Company and individual directors was found satisfactory by the Nomination, Remuneration and Compensation Committee. As the members are aware that there is no regular chairperson designated in the Company, accordingly, the performance of chairperson was not required to be evaluated. However, in the absence of the regular chairman, Mr. Mahendra Nahata was elected as Chairman for all the Board meetings held during the FY26. His performance as chairperson of the board meetings was found to be excellent on all the parameters.



2.6 Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed and opined that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued the formal letters of appointment to the Independent Directors in the manner provided under the Act and the Listing Regulations.

No Independent Director has resigned from the Board of Directors of your Company during the year under review.

During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485), as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

Further, Mr. Bharat Pal Singh (DIN: 00739712) has completed his second term as Independent Director on the close of business hours on January 20, 2026. The Board of Directors places on record its sincere appreciation for the support and valuable guidance given by Mr. Bharat Pal Singh during his tenure as Independent Director of the Company.

2.7 Meeting of Independent Directors

Schedule IV to the Act mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of non-independent directors or management personnel. All Independent Directors strive to be present at such meetings.

During the financial year ended March 31, 2026, 1 (one) meeting of the Independent Directors was held on March 25, 2026.

The meeting of the Independent Directors was attended by all the three independent directors, namely, Mr. Ajai Kumar, Mr. Anil Narendra Shah and Mrs. Bela Banerjee.

Independent Directors at their meeting interact and discuss matters including review of the performance of the non-independent directors and the Board as a whole, review the performance of the Chairperson elected to chair the meetings of the Board held during the year FY26, taking into account views of executive/non-executive directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.8 Familiarisation Programme for Independent Directors

Regulation 25(7) of the Listing Regulations mandates the Company to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various programmes.

The Company through its Managing Director/Senior Managerial Personnel conduct programmes/presentations periodically to familiarise the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organisation structure, finances, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time.

The above programmes also include the familiarisation on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The Familiarisation Programme for Independent Directors in terms of Regulation 25(7) of the Listing Regulations is uploaded on the website of the Company and can be accessed through the following link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69fce653a604554332f23fb8_HFCL-Familiarisation-Prog-ID_2026.pdf

2.9 List of core skills/expertise/competencies as required in the context of business and sector(s) of the company

The Board has identified the names of the Directors possessing the skills/expertise/competencies fundamental for the effective functioning for its various business units viz. OF (Optical Fiber) & OFC (Optical Fiber Cable), Telecom Equipment Manufacturing, Telecom Network & Turnkey Solutions and Defence Equipment Manufacturing:

Sr. No.	Skills/Expertise/Competence identified by the Board of Directors	Actually available with the Board of Directors	Name of Director with relevant Skill/Expertise/Competency
1	Industry knowledge/experience		
	Knowledge and experience	Yes	Mr. Mahendra Nahata Mrs. Bela Banerjee Mr. Arvind Kharabanda Dr. (Mr.) Ranjeet Mal Kastia Mr. Ajai Kumar Mr. Anil Narendra Shah
2	Technical skills/experience		
	Information Technology	Yes	Mr. Mahendra Nahata
	Marketing	Yes	Mr. Mahendra Nahata Mr. Arvind Kharabanda Mr. Ajai Kumar
	Accounting and Finance	Yes	Mr. Anil Narendra Shah Mr. Ajai Kumar Mr. Arvind Kharabanda Mrs. Bela Banerjee
	Compliance and Risk	Yes	Mrs. Bela Banerjee Mr. Anil Narendra Shah Mr. Ajai Kumar
3	Behavioural Competencies		
	Integrity and ethical standards	Yes	Mr. Mahendra Nahata Mrs. Bela Banerjee Mr. Anil Narendra Shah
	Mentoring abilities	Yes	Mr. Mahendra Nahata Mr. Ajai Kumar Mrs. Bela Banerjee
	Interpersonal relations	Yes	Mr. Mahendra Nahata Mr. Arvind Kharabanda Dr. (Mr.) Ranjeet Mal Kastia Mr. Anil Narendra Shah

3. COMMITTEES OF THE BOARD

In terms of the Listing Regulations, the Board of your Company has constituted the following committees as mandatorily required under the provisions of the Act and the Listing Regulations:

1. Audit Committee
2. Nomination, Remuneration and Compensation Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The composition of various Committees of the Board of Directors is also available on the website of the Company and web link for the same is appended below:

https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7cd29c305c417a1b83aa8_HFCL-Composition-of-Board-Committees.pdf

3.1 Audit Committee

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.



The brief description of terms of references of Audit Committee is as under:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommendation of the appointment/re-appointment of external and internal auditors, tax auditors, cost auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review with management, the annual financial statements before submission to the Board.
- Review quarterly un-audited/audited financial results/ quarterly review reports.
- Review the financial statements in particular the investments made by the unlisted subsidiary companies.
- Review with management, performance of external and internal auditors and adequacy of internal control system.
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discuss with statutory auditors before the audit commence about nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- Approval to the appointment of Chief Financial Officer.
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any.
- Review of the use/application of money raised through Public/Rights/Preferential Issue, if any.
- Approve or any subsequent modification(s) of transactions of the Company with related parties, if any.
- Review and monitor auditors' independence and performance and effectiveness of audit process.
- Scrutiny of inter corporate loans and investments.
- Review the Company's financial and Risk Management Policy.
- Discuss with internal auditors of any significant findings and follow up thereon.

- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Valuation of Undertakings or assets of the Company where it is necessary.
- Review of the functioning of the Whistle Blower/ Vigil Mechanism.
- Evaluate Internal Financial Control and risk management system.
- Review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders, if any, from time to time.
- Any other matter as may be prescribed, from time to time, to be referred to the Audit Committee in terms of the Act/Listing Regulations and the applicable rules, regulations thereto.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management.

Mr. Bharat Pal Singh, Non-Executive Independent Director, served as the Chairman of the Audit Committee until January 20, 2026. Since Mr. Singh completed his second term as an Independent Director of the Company at the close of business hours on January 20, 2026, the Board of Directors has appointed Mr. Ajai Kumar, Independent Director as the Chairman of the Committee, effective January 21, 2026. The Company Secretary serves as the Secretary to the Committee.

Upon invitation, the CFO, the Statutory Auditors and Internal Auditors of the Company attend the meetings of the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the financial year ended March 31, 2026, the Audit Committee met 09 (Nine) times on May 15, 2025, May 22, 2025, July 25, 2025, September 03, 2025, September 20, 2025, October 17, 2025, December 17, 2025, February 03, 2026 and March 25, 2026.

The composition of the Audit Committee and details of meetings attended by its members during the financial year ended March 31, 2026, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Ajai Kumar (w.e.f January 21, 2026)	Chairman	9	9
Mr. Bharat Pal Singh (Up to January 20, 2026)	Chairman	7	7
Mrs. Bela Banerjee	Member	9	9
Mr. Arvind Kharabanda	Member	9	9
Mr. Anil Narendra Shah (w.e.f January 21, 2026)	Member	2	2

Reporting of Internal Auditor

The Internal Auditor of the Company attends meetings of the Audit Committee and findings of Internal Audits, if any, are reported directly to the Audit Committee.

3.2 Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation (NRC) Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

NRC Committee, amongst others, is responsible for determining the Company's policy on recruitment and remuneration of Directors/KMPs, Senior Management Personnel and other employees of the Company.

The terms of reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The brief description of term of reference of NRC Committee, amongst others, includes the following:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management Personnel in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal including their remuneration.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, key managerial personnel and other employees.
- To devise a policy on diversity of Board of Directors.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.
- To carry out evaluation of every Directors' performance.
- To administer, implement and superintend the Employees' Long Term Incentive Plan.
- To recommend to the board, all remuneration, in whatever form, payable to senior management personnel.
- To evaluate the balance of skills, knowledge and experience on the Board in relation to every appointment of an Independent Director and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may use the services of an external agencies, if required, consider candidates from a wide range of backgrounds, having due regard to diversity and consider the time commitments of the candidates.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification(s), amendment(s) or modification(s) as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Mr. Ajai Kumar, Non-Executive Independent Director is the Chairman of the NRC Committee. The Company Secretary acts as Secretary to the Committee.

During the financial year ended March 31, 2026, the NRC Committee met 02 (two) times on May 19, 2025, and March 25, 2026.



The composition of the NRC Committee and details of meetings attended by its members during the financial year ended March 31, 2026 are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Ajai Kumar	Chairman	2	2
Mrs. Bela Banerjee (w.e.f January 21, 2026)	Member	1	1
Mr. Arvind Kharabanda	Member	2	2
Mr. Bharat Pal Singh (Up to January 20, 2026)	Member	1	1

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is determined by the NRC Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director in meetings, commitment, understanding their roles and responsibilities and business of the Company, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality, ability to contribute and monitor corporate governance practice, and independence of behaviour and judgement.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasise on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The Policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

The Remuneration Policy applies to Directors, Senior Management Personnel including its Key Managerial Personnel (KMPs) and other employees of the Company. When considering the appointment and remuneration of Whole-time Directors, the NRC Committee *inter-alia* considers pay and employment conditions in the

industry, merit and seniority of person and the paying capacity of the Company.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The NRC Committee also administers, implements and superintend the HFCL Employees' Long Term Incentive Plan-2017 implemented through HFCL Employees' Trust.

Remuneration of Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and also remuneration based on net profit (variable component) to its Managing Director. Annual increments, if any, are recommended by the NRC Committee within the salary scale approved by the Board and the shareholders of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the variable component payable to the Managing Director out of the net profits for the financial years and within the ceilings prescribed by the shareholders and under the Act, considering the criteria such as the market standards, financial performance, liquidity etc. of the Company.

Details of fixed components and performance linked incentives along with the performance criteria

The details of fixed components are mentioned above and there is no performance linked incentive along with the performance criteria for Managing Director as on March 31, 2026. However, the net profit-based remuneration is determined on the basis of financial performance of the Company and is approved by the NRC Committee and the Board of Directors, within the limits approved by the shareholders and permitted under the Act.

Keeping in view the Company's performance for the financial year 2025-26, future growth prospects, ability to pay considering the current cash flow situation, comparative remuneration profile with respect to industry and size of the Company, and significant efforts made by the Managing Director, despite tough competition amongst the Company's competitors, the NRC Committee and the Board of Directors at their respective meetings held on April 30, 2026, decided to approve an amount of ₹5 crore (Rupees Five Crore Only), towards the payment of net profit-based remuneration for FY26 to the Managing Director.

Remuneration to Executive Director:

(Amount in ₹)						
Name of Director	Salary	Perquisites & Allowances	Contribution to PF	Net Profit based Commission	Others*	Total
Mr. Mahendra Nahata Managing Director	6,00,00,000	1,50,00,000	72,00,000	5,00,00,000	4,14,51,243	17,36,51,243

*The aforesaid amount also represents leave encashment relating to prior financial years, for which the necessary provisions had already been made in the books of accounts in the respective years.

Service contracts, notice period, severance fees

The appointment of the Managing Director is governed by resolutions passed by the shareholders of the Company, which covers the terms and conditions of such appointment read with the service rules of the Company.

A separate service contract is not entered into by the Company with the Managing Director.

The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the 06 (six) months' prior notice in writing.

No severance fee is payable to any Director.

Remuneration of Non-Executive Directors

During the year under review, the Company paid sitting fees @75,000/- per meeting to its Non-Executive Directors, including Independent Directors, for attending meetings of the Board and/or the committees thereof.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

No payment of remuneration by way of commission has been paid to any of the Non-Executive Directors including Independent Directors for the FY26.

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company

Except for the sitting fees payable to Non-Executive Directors for attending meetings of the Board and/or its Committees, as may be determined by the Nomination, Remuneration and Compensation Committee or the Board of Directors from time to time, there is no other pecuniary relationship or transaction between the Non-Executive Directors and the Company.

Criteria of making payments to Non-Executive Directors

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and/or its committees. The details of remuneration paid to the Non-Executive Directors during the FY26 are given below:

Remuneration to Non-Executive/Independent Directors:

Name of Director	Sitting Fee (₹)
Non-Executive Directors	
Mr. Arvind Kharabanda	29,25,000
Dr. (Mr.) Ranjeet Mal Kastia	15,00,000
Independent Directors	
Mr. Ajai Kumar	15,00,000
Mrs. Bela Banerjee	15,75,000
Mr. Bharat Pal Singh*	14,25,000
Mr. Anil Narendra Shah**	4,50,000
Total	93,75,000

*Ceased to be a director w.e.f. January 21, 2026

** Appointed w.e.f. January 21, 2026

Remuneration of KMPs/ Senior Management Personnel

Remuneration of KMPs and Senior Management Personnel is recommended by the NRC Committee and approved by the Board of Directors. The remuneration of other employees is fixed as per principles outlined above and prevailing HR Policies of the Company.

The Remuneration policy is available on https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7cfec803eafddadc9c00b_Remuneration-Policy_22052025.pdf.

Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

The necessary disclosures have been given in **Annexure – A** to the Directors' Report and for the sake of brevity, the same have not been repeated here.

No stock options have been issued to any of the Directors of the Company.

3.3 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178(5) of the Act and Regulation 20 of the Listing Regulations.



The terms of reference of the Stakeholders' Relationship Committee (**SRC**), covers the areas mentioned in Section 178(5) of the Act and Regulation 20 read with Part D(B) of Schedule II to the Listing Regulations, which, *inter-alia* includes:

- Resolution of the grievances of the security holders of the Company including matters related to the transfer, transmission of shares/debentures/bonds etc., issue of new/ duplicate share certificates, issue of share certificates on rematerialisation, consolidation and sub-division of shares, non-receipt of annual report, non-receipt of declared dividends etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

This Committee particularly looks into the investors grievances and to ensure prompt and efficient investors' services.

During the financial year ended March 31, 2026, the Stakeholders' Relationship Committee met 03 (three) times on April 23, 2025, October 16, 2025 and January 14, 2026.

The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

The Company Secretary acts as Secretary to the Committee.

The composition of the SRC and details of meetings attended by its members during the financial year ended March 31, 2026, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Arvind Kharabanda	Chairman	3	3
Dr. (Mr.) Ranjeet Mal Kastia	Member	3	2
Mrs. Bela Banerjee	Member	3	3

Nature of Complaints and Redressal Status

During the FY26, the complaints and queries received by the Company were general in nature, which include issues relating to non-receipt of dividend warrants, annual reports, shares, transmission of shares, loss

of shares etc. and were resolved to the satisfaction of the shareholders.

Details of complaints received and attended to during the FY26 are given below:

Number of Shareholders' complaints received during the FY26	5
Number of complaints not resolved to the satisfaction of shareholders as at March 31, 2026	NIL
No. of pending complaints as at March 31, 2026	NIL

The Company has attended the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the FY26 except in cases which are constrained by disputes and legal impediments.

There were no investor grievances remaining unattended/pending as at March 31, 2026.

The Board, in its meeting held on October 31, 2006, has designated Mr. Manoj Baid, President & Company Secretary, as the Compliance Officer of the Company.

The Board has delegated authority to Mr. Manoj Baid, President & Company Secretary, to issue Letters of Confirmation in respect of investor service requests, including issuance of duplicate share certificates, transmission of securities, and other related matters, with a view to expediting the processing of such requests. With effect from April 2, 2026, SEBI has dispensed with the requirement of issuance of a Letter of Confirmation (LOC) by the Company/RTA while processing service request. Accordingly, securities will be credited directly to the shareholder's demat account upon submission of valid demat account details along with the latest Client Master List (not older than 2 months) and Demat Request Form for NSDL/ Demat Request form for CDSL attested by respective depository participant, besides mandatory documents for the subject service requests subject to folio being KYC Compliant.

3.4 Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act. The broad terms of reference of the CSR Committee, *inter-alia*, are as follows:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company.
- Monitoring the CSR project of the Company from time to time.

The Board has adopted a Corporate Social Responsibility (CSR) Policy as formulated and recommended by the CSR Committee. The CSR Policy is available on the website of the Company at https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f052623_CSR_Policy.pdf.

The details of the CSR initiatives of the Company and expenditure incurred on it during financial year ended March 31, 2026, have been given in the "Annual Report on CSR Activities" annexed as **Annexure – F** to the Directors' Report.

The composition of the CSR Committee is in alignment with the provisions of Section 135 of the Act.

One meeting of CSR Committee was held on March 25, 2026 during the financial year ended March 31, 2026.

The Company Secretary acts as Secretary to the Committee.

The composition of the CSR Committee and details of meetings attended by its members during the financial year ended March 31, 2026, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Mahendra Nahata	Chairman	1	1
Mr. Ajai Kumar	Member	1	1
Mr. Ranjeet Mal Kastia (w.e.f. January 21, 2026)	Member	1	Nil
Mr. Bharat Pal Singh (up to January 20, 2026)	Member	NA	NA

3.5 Risk Management Committee (RMC)

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations. The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company.

The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Roles and Responsibilities of the Risk Management Committee include the followings:

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability

(particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - To appoint, remove and decide terms of remuneration of the Chief Risk Officer (if any);
 - Any other role/function as may be specified under the provisions of the Listing Regulations, from time to time.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

During the financial year ended March 31, 2026, 02 (two) meetings of the Risk Management Committee were held on October 16, 2025 and March 25, 2026, with intervening gap between two consecutive meetings not exceeding 210 days.

The composition of the Risk Management Committee and details of meetings attended by its members during the financial year ended March 31, 2026, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Mahendra Nahata	Chairman	2	1
Mr. Arvind Kharabanda	Member	2	2
Mr. Anil Narendra Shah (w.e.f. January 21, 2026)	Member	1	1
Mr. Bharat Pal Singh (up to January 20, 2026)	Member	1	1

The Company Secretary acts as Secretary to the Committee.



The Board has adopted a Risk Management Policy as formulated and recommended by the RMC. The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavours to achieve its stated and implicit objectives.

The Policy provides a framework to define, measure, report, control, and mitigate identified risks. It outlines the structure for managing risks inherent in the Company's business operations and addresses key strategic, business, and operational risks.

4. GENERAL BODY MEETINGS

4.1 Location and time where Annual General Meetings held in the last 3 (three) years are given below:

Financial Year	Date	Deemed Venue	Time
2024-25	September 15, 2025	8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh*	11:00 A.M.
2023-24	September 30, 2024	Plot No. 38 Sector 32, Gurugram*	11:00 A.M.
2022-23	September 30, 2023	Plot No. 38 Sector 32, Gurugram*	11:00 A.M.

*In view of the COVID-19 pandemic, the 38th, 37th and 36th AGM were conducted through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") without the presence of the members at a common venue in due compliance with applicable provisions of the Companies Act, 2013, the rules made thereunder read with MCA General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024 and the Securities and Exchange Board of India ('SEBI') Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/PCIR/2023/4 dated January 05, 2023, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024.

4.2 The following resolutions were passed as Special Resolutions in previous three AGMs:

Financial Year	Date	Special Resolutions
2024-25	September 15, 2025	To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), aged 83 years, who retires by rotation at the 38 th Annual General Meeting and being eligible offers himself for re-appointment. To shift the Registered Office of the Company from the state of Himachal Pradesh to State of Haryana. To approve the raising of funds.
2023-24	September 30, 2024	To appoint a director in place of Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), aged 77 years, who retires by rotation at the 37 th Annual General Meeting and being eligible offers himself for re-appointment. To re-appoint Mr. Ajai Kumar (DIN: 02446976) as an Independent Director for second term. To approve the re-appointment and remuneration of Mr. Mahendra Nahata (DIN: 00052898) as a Managing Director and a Key Managerial Personnel of the Company, who is also a Promoter of the Company, for a period of three years. To borrow funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013. To create charge on the assets of the Company as prescribed under Section 180(1) (a) of the Companies Act, 2013.
2022-23	September 30, 2023	To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), aged 81 years, who retires by rotation at the 36 th Annual General Meeting and being eligible offers himself for re-appointment.

4.3 Postal Ballot

During the FY26, the Board of Directors on the recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from January 21, 2026 up to January 20, 2029, not liable to retire by rotation who was further appointed as a Director (Independent) by the shareholders of the Company on March 15, 2026, through Postal Ballot by way of a special resolution.

Except as above no other special resolution was put through Postal Ballot during the FY26.

4.4 Person who conducted the Postal Ballot Exercise

Mr. Manoj Baid, President & Company Secretary of the Company, was authorised to oversee the entire postal ballot and e-Voting process. Additionally, Mr. Baldev Singh Kashtwal, Practicing Company Secretary (FCS

3616, C.P. No. 3169), holding Peer Review Certificate No. 7700/2026, was appointed as the Scrutiniser to conduct the postal ballot and e-Voting process in a fair and transparent manner.

Further, the voting period for remote e-Voting commenced on Saturday, February 14, 2026 at 09.00 A.M. (IST) and ended on Sunday, March 15, 2026 at 05.00 P.M. (IST) (inclusive of both days).

4.5 Details of voting pattern

Special Resolution	Total No. of Valid Votes (no. & %)	Votes cast in favour of the resolution (no. & %)	Votes cast against the resolution (no. & %)
Appointment of Mr. Anil Narendra Shah (DIN: 01844485), as a Non-Executive Independent Director of the Company for first term	71,14,62,053 (100%)	70,88,42,247 (99.63%)	26,19,806 (0.37%)

4.6 Procedure for Postal Ballot

The aforesaid Postal Ballot was conducted by the Company as per the provisions of Sections 108 and 110 and all other applicable provisions of the Companies Act, 2013 ("Act") read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs, *inter-alia*, for conducting Postal Ballot through remote e-Voting vide its General Circulars Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021, 03/2022 dated May 05, 2022, 11/2022 dated December 28, 2022, 09/2023 dated September 25, 2023, 09/2024 dated September 19, 2024 and 03/2025 dated September 22, 2025, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard - 2 on General Meetings, issued by the Institute of Company Secretaries of India and other applicable laws and regulations, if any.

4.7 Any Special Resolution proposed to be conducted through Postal Ballot

No special resolution is proposed to be passed through postal ballot as on the date of this Report. However, if required, the same shall be passed in compliance of provisions of the Act, Listing Regulations or any other applicable laws.

and are published in the Newspapers (Hindi and English). The Company regularly hosts audio earnings conference calls to discuss the financial results of the Company.

The financial results are displayed on the Company's website www.hfcl.com.

5.2 Newspapers wherein results normally published

The quarterly/half-yearly/annual financial results are generally published in Financial Express (English), Jansatta and Divya Himachal (Hindi).

5.3 Website, where displayed

The financial results and the official news releases are also placed on the Company's website www.hfcl.com in the 'Investors' section.

5.4 Whether website also displays official news releases

The Company has maintained a functional website www.hfcl.com containing basic information about the Company, e.g., details of its business, financial information, shareholding patterns, press releases, codes, compliance with corporate governance, contact information of the designated official of the Company who is responsible for assisting and handling investor grievance, etc.

The information required to be disclosed under Regulation 46 of the Listing Regulations, is disseminated at the website of the Company.

5.5 Presentations made to institutional investors or to the analysts

Information which are already in public domain are shared with the institutional investors/financial analyst from time to time. No unpublished price sensitive information is discussed in meeting/presentation with the institutional investors/financial analyst. The Presentations are also uploaded on the Company's

5. MEANS OF COMMUNICATIONS

5.1 Quarterly results

The quarterly/half-yearly/annual financial results are regularly submitted to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Stock Exchanges where the securities of the Company are listed pursuant to the Listing Regulations requirements



website at www.hfcl.com and filed with the Stock Exchanges – BSE and NSE, from time to time.

6. GENERAL SHAREHOLDERS' INFORMATION

6.1 Date and time of Annual General Meeting

Tuesday, September 29, 2026 at 11:00 A.M.

Mode: Video Conference and Other Audio-Visual Means (VC/OAVM)

Participation through video-conferencing: <https://www.evoting.nsdl.com>

6.2 Financial Year

April 01, 2025 to March 31, 2026.

6.3 Dividend Payment Date

The Board of Directors of your Company has recommended a dividend @20% i.e., ₹0.20/- (Twenty Paisa) per equity share for the FY26. Dividend, if declared, in the ensuing AGM, will be paid within the statutory time limits i.e., 30 days from the date of AGM.

6.4 Important Dates:

Event	Dates
Cut-off date / Record date:	Tuesday, September 22, 2026 (AGM voting / Dividend)
Remote e-voting Period:	09:00 A.M. Saturday, September 26, 2026 to 05:00 P.M. Monday, September 28, 2026
Speaker Registration and Submission of questions /queries before AGM:	Thursday, September 24, 2026 to Friday, September 25, 2026

6.5 Registered Office

The Members of the Company, through a Special Resolution passed at the Annual General Meeting held on September 15, 2025, approved the shifting of the Registered Office of the Company from the State of Himachal Pradesh to the State of Haryana, subject to the receipt of all necessary statutory and regulatory approvals. Subsequently, the Hon'ble Regional Director, Northern Region-II, Chandigarh vide its order dated July 7, 2026, has approved the shifting of registered office and the same has been taken on record by the Registrar of Companies, Chandigarh, Haryana. Accordingly, the Registered Office of the Company now stands shifted to the following address w.e.f. July 31, 2026:

Plot No. 38, Institutional Area, Sector -32,
Gurugram-122 001, Haryana
Tel: +91-124-4310000
Fax: +91-124-4310050

6.6 Corporate Office

8, Commercial Complex
Masjid Moth, Greater Kailash – II
New Delhi – 110 048
Tel: +91-11-3520 9400/9500
Fax: +91-11-3520 9525

6.7 Corporate Identity Number (CIN)

*L64200HR1987PLC148689

*Note: Pursuant to the change of registered office from the State of Himachal Pradesh to the State of Haryana, the Corporate Identification Number (CIN) of the Company has changed from L64200HP1987PLC007466 to L64200HR1987PLC148689.

6.8 Website/ Email

www.hfcl.com

secretarial@hfcl.com/investor@hfcl.com

6.9 Depositories

National Securities Depository Limited

4th Floor, 'A' Wing, Trade World
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-24994200
Fax: +91-22-24972993

Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25th Floor
N.M. Joshi Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-22723333
Fax: +91-22-22723199

6.10 International Securities Identification Number (ISIN)

INE548A01028

6.11 Name and address of Stock Exchanges at which the Company's securities are listed

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Tel: +91-22-22721233
Fax: +91-22-22723121

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel: +91-22-26598235
Fax: +91-22-26598237

The Company has paid the listing fees to the above Stock Exchange(s) for the FY27.

6.12 In case, the securities are suspended from trading, reason thereof

Not applicable, since the securities of the Company have not been suspended from trading.

6.13 Registrar and Share Transfer Agents (RTA)

MCS Share Transfer Agent Limited

179-180, 3rd Floor DSIDC Shed

Okhla Industrial Area, Phase – 1

New Delhi-110 020

Tel: +91-11-41406149 / 41406150 / 41406151

Fax: +91-11-41709881

Email: admin@mcsregistrars.com

6.14 Share Transfer, Transmission, Dividend etc.

Share transfer, transmission, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent, namely, MCS Share Transfer Agent Limited (RTA).

For lodgement of transfer, transmission and transposition and any other documents or for any grievances/complaints, kindly contact any of the office of RTA or of the Company.

Share Transfer – Physical System

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

Effective April 01, 2019, transfer of shares in physical form has ceased. However, transmission and other permissible service requests in respect of physical securities shall continue to be accepted.

Further, SEBI, vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 2, 2025, had provided a special window from July 7, 2025 to January 6, 2026 for re-lodgement of transfer deeds that were lodged prior to April 1, 2019 and were rejected/returned/not attended to due to deficiencies in documents, process or otherwise. During the said period, securities re-lodged for transfer were to be processed and issued only in dematerialised form, subject to compliance with the prescribed procedures.

In order to further facilitate the investors to get rightful access to their securities, SEBI vide its circular number HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026, has decided to open another special window for transfer and dematerialisation ("demat") of physical securities which were sold/purchased prior to April 01, 2019 which shall open for a period of one year from February 05, 2026 to February 04, 2027. The special window shall also be available for such transfer requests which were submitted earlier and were rejected/returned/not attended to due to deficiency in the documents/process/or otherwise.

The total number of equity shares transmitted in physical forms during FY26:

Number of Request	07
Number of Shares	1,010

6.15 Distribution of Equity Shareholdings as on March 31, 2026:

Range of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	6,62,238	82.40	7,60,08,610	4.97
501 to 1,000	64,582	8.04	5,15,58,871	3.37
1,001 to 2,000	36,033	4.48	5,44,98,252	3.56
2,001 to 3,000	12,843	1.60	3,29,59,628	2.15
3,001 to 4,000	6,140	0.76	2,21,05,678	1.44
4,001 to 5,000	5,469	0.68	2,58,30,209	1.69
5,001 to 10,000	8,522	1.06	6,29,60,938	4.11
10,001 to 50,000	6,415	0.80	13,20,23,391	8.63
50,001 to 1,00,000	758	0.09	5,47,34,010	3.58
Above 1,00,000	693	0.09	1,01,79,22,876	66.50
Total	8,03,693	100	1,53,06,02,463	100



6.16 Categories of Equity Shareholding as on March 31, 2026:

Category	No. of Shares	% Shareholding
A Promoters Holding		
1 Indian Promoters	43,30,44,594	28.29
2 Foreign Promoters	-	-
Sub Total (A)	43,30,44,594	28.29
B Public Shareholding		
1 Institutional Investors		
(a) Mutual Funds/UTI	10,59,48,553	6.92
(b) Venture Capital Funds	-	-
(c) Alternate Investment Funds	12,91,047	0.09
(d) Foreign Venture Capital Investors	-	-
(e) Foreign Portfolio Investors	10,82,94,178	7.08
(f) Financial Institutions and Banks	1,350	0.00
(g) Insurance Companies	2,96,675	0.02
(h) NBFCs registered with RBI	2,37,36,091	1.55
(i) Any Others (specify)	2,180	0.00
Sub Total (B1)	23,95,70,074	15.66
2 Central Government/State Government(s)/President of India	9,650	0.00
Sub Total (B2)	9,650	0.00
3 Non-Institutional Investors		
(a) Indian Public	57,19,92,776	37.37
(b) Employee Trusts	-	-
(c) Overseas Depositories (holding DRs)	-	-
(d) Any Other		
(i) Bodies Corporates	19,90,30,819	13
(ii) OCBs	250	0.00
(iii) NRIs	1,33,79,578	0.88
(iv) Trusts	1,83,706	0.01
(v) Directors and their Relatives	6500	0.00
(vi) Key Managerial Personnel	18,39,000	0.12
(vii) Relatives of promoters	12,240	0.00
(viii) HUF	3,59,52,527	2.35
(ix) Clearing Member	3,23,02,690	2.11
(x) Investor Education and Protection Fund (IEPF)	29,39,259	0.19
Sub Total (B3)	85,76,39,345	56.03
Total Public Shareholding (B = B1+B2+B3)	1,09,72,19,069	71.69
C Non-Promoter – Non-Public Shareholders		
1 Custodian/DR Holder – Name of DR Holders	-	-
2 Employee Benefit Trustee – Under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021	3,38,800	0.02
Total Non-Promoter – Non-Public Shareholders (C=C1+C2)	3,38,800	0.02
Grand Total (A+B+C)	1,53,06,02,463	100

6.17 Dematerialisation of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as Dematerialisation.

For dematerialising the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialised and an electronic credit of shares is given in the demat account of the Shareholder.

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines.

As on March 31, 2026, 99.99% of the equity shares have been dematerialised. The equity shares of the Company are frequently traded on BSE and NSE, having nationwide trading terminals, and hence provide liquidity to the investors.

Shares in Physical and Demat form as on March 31, 2026		
	No. of Shares	Percentage
In Physical Form	1,49,753	0.01
In Dematerialised Form	1,53,04,52,710	99.99
Total	1,53,06,02,463	100

No. of shareholders whose shares as on March 31, 2026 are in Physical and Demat form:		
	No. of Shareholders	Percentage
In Physical Form	894	0.11
In Dematerialised Form	8,23,649	99.89
Total	8,24,543	100

6.18 Outstanding GDRs/ADRs or warrants or any Convertible Instruments, conversion date and any likely impact on equity

The Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated May 25, 2026, allotted 7,50,00,000 (Seven Crore Fifty Lakh) Warrants convertible into 7,50,00,000 equity shares at an issue price of ₹74/- per warrant (Warrant Exercise Price), to persons belonging to Promoter/Promoter Group category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") read with Section 42 and 62 of the Companies Act, 2013, as approved by the Board of Directors and the Shareholders of the Company at their respective meetings held on March 25, 2026 and April 24, 2026.

The Company received an upfront amount of ₹18.50 per warrant, being 25% of the issue price of ₹74/- per warrant, aggregating to ₹138.75 crore. The warrant holders shall be required to pay the balance 75% of the issue price at the time of exercise of the rights attached to such warrants to subscribe to the equity shares of the Company.

The warrants are convertible into equivalent number of equity shares and may be exercised by the warrant holders, within a period not exceeding 18 (eighteen) months from the date of allotment. In the event the warrant holders do not exercise the warrants within the aforesaid period, the warrants shall lapse and the amount paid thereon shall stand forfeited by the Company.

Further, proceeds aggregating to ₹48.75 crore have been utilised, as on June 30, 2026, in accordance with the objects and purposes of the Issue.

As on the date of this Report, 7,50,00,000 convertible warrants remain outstanding and are yet to be converted.

The Company has not issued any Global Depository Receipts or American Depository Receipts or any other convertible instruments except as disclosed above, during the year under review.

6.19 Commodity price risk or foreign risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Master Circular dated January 30, 2026 is not required to be given.

During the FY26, the Company had managed the foreign exchange risk and hedged to the extent considered necessary.

The Company entered into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 59** to the Standalone Financial Statements.

6.20 Plant Locations

Optical Fiber Cable Plant

L 35-37, Industrial Area, Phase – II
Verna Electronic City
Salcete Goa – 403 722

**Optical Fiber Cable and FTTH Plant**

Plot No. S9, E-City
Raviryala, Rangareddy
Hyderabad – 501 359 Telangana
Tel: +91-832-6697000
Fax: +91-832-2783444

Optical Fiber Plant

Plot No. S9, E-City
Raviryala, Rangareddy
Hyderabad – 501 359
Telangana

Defence Equipment Plant

113-116, SIPCOT Industrial Complex
Phase – 1, Hosur 635126, Tamil Nadu

6.21 Addresses for Correspondence

Communication regarding share certificates, dividends, change of address etc. and any other grievance of investors, may be sent to:

MCS Share Transfer Agent Limited

179-180, 3rd Floor DSIDC Shed
Okhla Industrial Area, Phase – 1
New Delhi-110 020
Tel: +91-11-41406149 / 41406150 / 41406151
Fax: +91-11-41709881
Email: admin@mcsregistrars.com

**Secretarial Department and Investor Relations/
Nodal Officer****Mr. Manoj Baid**

President & Company Secretary
8, Commercial Complex, Masjid Moth
Greater Kailash- II, New Delhi – 110 048
Tel: +91-11-35209400
Fax: +91-11-29226015
Email: investor@hfcl.com

6.22 SEBI Complaints Redress System (SCORES)

The investors' complaints received by SEBI are being processed through its centralised web base complaint redressal system. The salient features of SCORES are, availability of centralised database of the complaints and uploading online action taken reports by the Company. Through SCORES, the investors can view online, the action taken and current status of their complaints.

SEBI, vide its circular dated September 20, 2023, streamlined the investor grievance redressal mechanism by integrating SCORES with the Online Dispute Resolution (ODR) platform. This framework facilitates expeditious and effective resolution of investor disputes that remain unresolved through the SCORES mechanism. The ODR platform can be accessed through <https://smartodr.in>.

6.23 List of all Credit Ratings obtained along with any revisions thereto

CARE Ratings Limited (a SEBI Registered Credit Rating Agency) ("CARE") vide its letter dated August 29, 2025, revised the credit ratings for the long-term and short-term bank facilities of the Company, details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	CARE A-; Stable	Revised from CARE A; Stable
Short Term Bank Facilities	CARE A2+	Revised from CARE A1

CARE vide its subsequent letter dated July 01, 2026 further upgraded the credit ratings for the long-term and short-term bank facilities of the Company, details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	CARE A; Positive	Upgraded from CARE A-; Stable
Short Term Bank Facilities	CARE A1	Upgraded from CARE A2+

Further, the Company remains committed to integrating environmental, social and governance (ESG) considerations into its business operations and stakeholder engagement practices. During the year, the Company's ESG performance was independently assessed by various ESG rating agencies, based on publicly available information, and the following ratings/scores were assigned:

ESG Rating Agency	ESG Rating / Score
CFC Finlease Private Limited (CFC)	73
SES ESG Research Private Limited (SES)	70.7
ESG Risk Assessments and Insights Limited (ERAIL)	70
NSE Sustainability Ratings & Analytics Limited (NSRAL)	70
CRISIL ESG Ratings & Analytics Limited (CERAL)	55
S&P Global	50

The rating agencies have characterised the Company's ESG performance as strong and indicative of steady progress, supported by solid disclosures and improving sustainability practices. These assessments underscore the Company's focused efforts toward strengthening its ESG framework and reinforce its commitment to responsible and sustainable business conduct.

The Company has not engaged any of the above agencies for obtaining ESG ratings.

The ratings/scores have been assigned by such agencies based on information available in the public domain.

7. OTHER DISCLOSURES

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

There is no material significant transaction entered into with any of the related parties that may have conflict with the interest of the Company.

Attention of the members is drawn to the disclosures of transactions with related parties set out in **Note No. 51** of the Standalone Financial Statements forming part of the Annual Report.

7.2 Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years

The Company has complied with the requirements of the stock exchange(s)/SEBI and statutory authorities on all matters related to the capital market during the last three years. There were no material penalties or strictures imposed on the Company by stock exchange(s) or SEBI or any statutory authorities relating to the above except as disclosed below.

Date	Regulation/ Observation of Stock Exchanges	Reason for Non-Compliance	Period	Penalty
March 26, 2024	SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019: Delay in submission of Trading Application with BSE Limited ("BSE") by 4 (four) days.	Due to technical issues on the Listing Portal of BSE, the Company could not file the Trading Application on BSE on the same day as it was filed with the National Stock Exchange of India Limited (NSE).	For the FY ended March 31, 2024.	BSE vide its email dated March 26, 2024, levied a fine of ₹80,000/- (excluding applicable GST).

The Company has submitted the Trading Application with National Stock Exchange of India Limited ("NSE") on March 22, 2024, well within the stipulated period of seven working days from the latest listing approval granted by the stock exchanges and made simultaneous attempts to file the Trading Application with BSE as well. However, due to technical issues on the Listing Portal of BSE, the Company could not file the Trading Application on BSE on the same day as it was filed with the NSE.

Further, despite of numerous attempts to contact BSE's officials at the provided contact numbers for preferential issues on their website, communication remained unestablished.

Furthermore, the challenges were compounded by the weekly-off on March 23, 2024, March 24, 2024, due to Saturday and Sunday, and on March 25, 2024, due to the festival of Holi, making it more difficult for the Company to co-ordinate with BSE officials.

Following communication with BSE officials on March 26, 2024, the Trading Application was duly submitted with BSE.

The Company, vide its email dated March 27, 2024, had suitably replied to BSE and requested to reconsider the imposition of fine. Further, as informed by BSE, pre-payment of fine is mandatory for granting trading approval, therefore, the Company had paid the aforesaid fine on April 02, 2024.

Accordingly, there was no non-compliance of any of the provisions of the Listing Regulations, as on March 31, 2023, March 31, 2024 and March 31, 2025 except as stated above.

Further, during the period under review, there were no instances of non-compliance of any requirement of Corporate Governance Report as mentioned in sub-para (2) to (10) of Para (C) of Schedule V of Listing Regulations.

7.3 Details of establishment of Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy and has established the necessary vigil mechanism as stipulated under Section 177(9) of the Act and Regulation 22 of the Listing Regulations.

The management of the Company, through this Policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in.

The Policy on Vigil Mechanism/ Whistle blower policy may be accessed on the Company's website at the link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f0528cc_Vigil%20Mechanism%20and%20Whistle-Blower%20Policy.pdf

No employee of the Company is denied access to the Audit Committee.



7.4 Web link where policy for determining 'material' subsidiaries is disclosed

The Company has adopted a 'Policy for determining Material Subsidiaries', which has been uploaded on the Company's website and can be accessed at the following link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d109b2dc5_d03ef4fb5d3_HFCL-Policy-on-Determining-Material-Subsidiaries_22052025.pdf

Details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries are as under:

Name of Material Subsidiary	Date of Incorporation	Place of Incorporation	Name of statutory auditors	Date of appointment of statutory auditors
HTL Limited	December 14, 1960	Chennai, Tamil Nadu, India	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	August 07, 2020
HFCL Inc.	October 08, 2021	United States of America	Rakesh Jain, CPA PC	Initial Engagement letter dated March 15, 2022

Subsidiary companies

The Company has 12 (twelve) subsidiaries as on March 31, 2026, out of which 2 (two) are material subsidiaries, i.e., HTL Limited and HFCL Inc., in terms of Regulation 16 of the Listing Regulations. The Company has also appointed one independent director of the Company, namely, Mrs. Bela Banerjee (DIN: 07047271), on the Board of HTL Limited as an Independent Women Director.

Further, HFCL Inc. became a material subsidiary of the Company based on the audited financial statements of the Company for the financial year ended March 31, 2026, which were approved by the Board of Directors at its meeting held on April 30, 2026. Accordingly, the Company has also appointed one independent director of the Company, namely, Mr. Ajai Kumar (DIN: 02446976), on the Board of HFCL Inc as a Director.

The Audit Committee reviews the financial statements including investments made by the unlisted subsidiaries of the Company.

The Management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

The Minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company periodically.

7.5 Web-link where policy on dealing with related party transactions is disclosed

The Company has adopted a Policy for Dealing with and Materiality of Related Party Transactions, which has been uploaded on the Company's website and can be accessed at the following link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d02e2f7f4a49c0a2b3b7_HFCL-Policy-on-RPTs_22052025.pdf

7.6 Dividend Distribution Policy

The Board of Directors has adopted Dividend Distribution Policy under Regulation 43A of the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed through the following link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7d206406f3dd72b630591_Dividend-Distribution-Policy_22052025.pdf.

7.7 Code of conduct for Board Members and Senior Management Personnel

Pursuant to Regulation 17(5) read with Schedule V to the Listing Regulations, the Company has adopted a Code of Conduct for Directors and a Code of Conduct for Senior Management Personnel and the same have been posted on the Company's website at: www.hfcl.com.

Pursuant to Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel affirm the Compliance of the Code annually.

All members of the Board and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the FY26.

A Certificate to this effect issued by the Managing Director is enclosed and forms part of the Annual Report.

7.8 Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons

Your Company has adopted a "Code of Internal Procedure and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons" ("**Insider Trading Code**") as required under Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**SEBI PIT Regulations**").

The Company formulated the Insider Trading Code with the objective to deter the Insider trading in the securities of the Company based on the unpublished price sensitive information.

The Insider Trading Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company.

During the year under review, there were some instances of breach/ violation of the Insider Trading Code by

some of the Designated Persons, which have already been reviewed by the Audit Committee in its meetings held on May 22, 2025 & September 03, 2025 and the Committee had imposed penalty in appropriate cases, which was deposited into the Investor Protection and Education Fund (IPEF) administered by SEBI.

Save as aforesaid breaches/violations, there has been due compliance with the SEBI PIT Regulations during the year under review.

7.9 Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Details of Fee Paid to Statutory Auditors for FY26 are given below:

S. No.	Name of Entity	Relationship with HFCL	Name of Auditors' Firm	Details of Services	Amount (in ₹)
1.	HFCL Limited (HFCL)	-	M/s S. Bhandari & Co. LLP, Chartered Accountants (FRN:000560C/C400334)	Statutory Audit Fees	65,00,000
				Limited Review Fees	13,00,000
				Certification Fees	22,50,000
			M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	65,00,000
				Limited Review Fees	13,00,000
				Certification Fees	28,57,000
				Tax Audit	10,00,000
				ITR Filling Fee	1,25,000
2.	HTL Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	18,00,000
				Limited Review Fees	4,50,000
				Tax Audit Fees	5,00,000
				Certification Fees	45,000
				ITR Filing Fee	25,000
3.	Polixel Security System Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	50,000
				Limited Review Fees	30,000
				ITR Filling Fees	5,000
4.	HFCL Advance Systems Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	23,600
				Certification Fees	5,900
				ITR Filing Fees	5,900
5.	Raddef Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	2,50,000
				Limited Review Fees	1,50,000
				Certification Fees	47,500
				ITR Filing Fees	5,000
6.	HFCL Technologies Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	3,50,000
				Limited Review Fees	1,50,000
				ITR Filling Fees	5,000
Total					2,57,29,900

7.10 Secretarial Auditor

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended or re enacted from time to time), the members of the Company at the 38th Annual General Meeting held

on September 15, 2025 had approved the appointment of Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice (COP No. 3169, Membership No. F-3616), holding ICSI Peer Review Certificate No. 7700/2026, as the Secretarial Auditor of the Company for a term of 5 (five) consecutive financial years commencing from FY2025-26 up to FY2029-30.



The Secretarial Audit Report for FY26 in prescribed form MR-3, issued by the Secretarial Auditor is annexed as **Annexure – C** to the Directors' Report which forms the part of this Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for the FY26.

Secretarial Compliance Report

Pursuant to Regulation 24A of the Listing Regulations, read with SEBI Master Circular dated January 30, 2026, the Company is required to obtain an Annual Secretarial Compliance Report from a Practicing Company Secretary certifying compliance with all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The Secretarial Compliance Report is in addition to the Secretarial Audit Report (Form No. MR-3) issued by practicing company secretaries and is required to be submitted to Stock Exchanges within 60 days of the end of every financial year.

Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice (COP No. 3169, Membership No. F-3616), holding ICSI Peer Review Certificate No. 7700/2026, the Secretarial Auditor, has issued the Secretarial Compliance Report for the financial year ended March 31, 2026 and the same has already been filed with BSE and NSE, stock exchanges, where the shares of the Company are listed and also published on the website of the Company at https://cdn.prod.website-files.com/69e0036b695965871f0524ab/6a14492037bdd99338f20824_HFCL_STX_ASCR_20052026.pdf.

7.11 Secretarial Certificates

A Company Secretary in-Practice carries out a reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialised form held with Depositories.

7.12 Compliance of the provisions of Regulation 26(6) of the Listing Regulations:

None of the Key Managerial Personnel, Director(s) and Promoter(s) of the Company has entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7.13 Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)

The Company has in place a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Complaints Committee(s) ("ICCs") have been set up at each workplace to implement fair and impartial procedures for resolution settlement or prosecution of acts of sexual harassment. All employees are covered under this Policy.

ICC of each workplace of the Company has also filed Annual Return for the calendar year 2025 at their respective jurisdictional office, as required under Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The following is the summary of the complaints received and disposed-off during FY26:

- a) **No. of complaints filed during the financial year:** Nil
- b) **No. of complaints disposed-off during the financial year:** Nil
- c) **No. of Complaints pending for more than ninety days:** Nil
- d) **No. of complaints pending as on end of the financial year:** Nil

Further, the Company also organises and conducts various training programmes, from time to time, for awareness on the provisions of POSH Act.

7.14 Financial Calendar 2026-27 (tentative and subject to change):

- Financial Reporting for the first quarter ending June 30, 2026: Already approved by the Board of Directors at its meeting held on July 22, 2026.
- Financial Reporting for the second quarter ending September 30, 2026: On or before second week of November, 2026.
- Financial Reporting for the third quarter ending December 31, 2026: On or before second week of February, 2027.

- Audited Accounts for the year ending March 31, 2027: On or before last week of May, 2027.
- Annual General Meeting for the year ending March 31, 2027: On or before September 30, 2027.

7.15 Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof

During the year under review, the Board has accepted all the recommendations made by various committees of the board, which is mandatorily required.

7.16 Disclosure of Compliance of Regulations 17 to 27 and Clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

The status of adoption of the Discretionary Requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows:

A. The Board

- (i) A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his/her duties:**

There is no regular chairperson designated in the Company. However, in the absence of the regular chairman, Mr. Mahendra Nahata, Promoter and Managing Director was elected as Chairman for all the Board meetings held during FY26.

- (ii) The listed entities ranked from 1001 to 2000 as per the list prepared by recognized stock exchanges in terms of sub-regulation (2) of regulation 3 shall endeavour to have at least one-woman independent director on its board of directors:**

Since, the Company falls in top 1000 listed entities as per market capitalisation as at December 31, 2025, the Company is mandatorily required to appoint one-woman independent director. The Company has duly complied with the said requirement.

B. Shareholder Rights:

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders:

Financial Performance are published in newspapers, uploaded on the Company's website www.hfcl.com and submitted to the Stock Exchanges (BSE & NSE), instead of sending to each household of the shareholders. Further, all significant events are also disclosed to the Stock Exchanges and published on the website of the Company, instead of sending to each household of the shareholders.

C. Modified opinion(s) in Audit Report:

The listed entity may move towards a regime of financial statements with unmodified audit opinion.

The Company already has a regime of financial statements with Unmodified Audit Opinions. Auditors have raised no qualification on the Financial Statements.

D. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- (a) be a non-executive director; and
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:

There are no separate persons to the post of the Chairperson and the Managing Director of the Company. Further, there is no regular chairperson of the Company and the Promoter cum Managing Director was elected as Chairperson in all the Board meetings of the Company held during the FY26.

E. Reporting of Internal Auditor: The internal auditor may report directly to the audit committee.

The Internal Auditor of the Company directly reports to the Audit Committee.

**F. Independent Directors:**

The independent directors of top 2000 listed entities as per market capitalization shall endeavour to hold at least two meetings in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall endeavour to be present at such meetings.

The independent directors of the Company have held one meeting in the financial year 2025-26, without the presence of non-independent directors and members of the management and all the independent directors were present at such meeting.

G. Risk Management

Listed entities ranked from 1001 to 2000 in the list prepared by recognised stock exchanges in terms of sub-regulation (2) of regulation 3 may constitute a risk management committee with the composition, roles and responsibilities specified in Regulation 21:

Since, the Company falls in top 1000 listed entities as per Market Capitalisation as at December 31, 2025, the Company has mandatorily constituted a Risk Management Committee with the composition, roles and responsibilities specified in Regulation 21.

7.17 Compliance Certificate

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have given Compliance Certificate to the Board on financial reporting and internal controls, as mentioned under Part B of Schedule II to the Listing Regulations.

7.18 Compliance Certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance

A certificate from the Secretarial Auditors, being Practicing Company Secretary, regarding compliance of conditions of corporate governance is annexed with the Corporate Governance Report and forms an integral part of the Annual Report.

7.19 Norms for furnishing of PAN, KYC, Bank details and Nomination

Pursuant to the SEBI master circular dated February 06, 2026, the shareholders holding shares in physical form whose folio(s) do not have Permanent Account Number ("PAN"), Contact Details, Mobile Number, Bank Account Details, Specimen Signature updated, shall be eligible for payment of dividend, in respect of such folio(s), only through electronic mode upon their furnishing all the aforesaid details in entirety to MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent of the Company. Further, SEBI has also encouraged all existing

investors, in their own interest, to provide a 'choice of nomination' to ensure smooth transmission of securities and to help prevent the accumulation of unclaimed assets in the securities market.

The forms for updation of PAN, KYC Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 are available on our website www.hfcl.com. In view of the above, we urge members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.

The Company has sent various letters to the members holding shares in physical form in relation to the aforesaid on June 25, 2018, September 01, 2018, October 15, 2018, November 15, 2018, January 31, 2022, May 25, 2023, August 27, 2024 and August 19, 2025.

In respect of members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination are requested to contact their respective Depository Participants.

7.20 Details of utilisation of funds raised through Qualified Institutional Placement

During FY24, the Company had allotted 5,10,14,491 equity shares through Qualified Institutional Placement ("QIP") at a price of ₹69/- per Equity Share (the "Issue Price") (including premium of ₹68/- per Equity Share) against receipt of full payment of application monies in Escrow Account of the Company, aggregating to ~₹352 crore (Rupees Three Hundred Fifty-Two crore only). The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Act as amended, including the rules made thereunder.

The proceeds of funds raised under QIP of the Company were utilised as per Objects of the Issue during the FY24, FY25 & FY26 as mentioned hereunder:

Particulars	Amount (₹ in crore)
Gross Proceeds received under QIP	352.00
Less: Issue Expenses	9.31
Net Proceeds received under QIP	342.69
Amount utilised for:	
(a) Capital Expenditure	75.00
(b) Research and Development Expenditure	85.00
(c) Repayment/prepayment of short term borrowings	74.04
(d) Funding working capital requirements and	75.00
(e) General corporate purposes	33.65
Fund Utilised as at March 31, 2026	342.69
Unutilised Amount as at March 31, 2026	Nil

During FY26, the Company had allotted 8,79,29,651 equity shares through Qualified Institutional Placement (“QIP”) at a price of ₹62.55/- per Equity Share (the “Issue Price”) [and reflecting a discount of ₹3.29 (i.e. 5%) on the floor price of ₹65.84 per Equity Share] (including premium of ₹61.55 per Equity Share) against receipt of full payment of application monies in Escrow Account of the Company, aggregating to ~₹550 crore (Rupees Five Hundred Fifty crore only). The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Act as amended, including the rules made thereunder.

The proceeds of funds raised under QIP of the Company were utilised as per Objects of the Issue during the FY26 as mentioned hereunder:

Particulars	Amount (₹ in crore)
Gross Proceeds received under QIP	550.00
Less: Issue Expenses	6.94
Net Proceeds received under QIP	543.06
Amount utilised for:	
(a) Capital expenditure towards purchase of Plant and Machinery: Expansion of Optical Fiber Cable	6.02
(b) Funding expenditure towards Research and Development initiatives including acquisition of technologies	7.36
(c) Repayment/prepayment of long term / short term borrowings availed from banks / others	105.00
(d) Funding long-term working capital requirements	260.00
(e) General corporate purposes	93.00
Fund Utilised as at March 31, 2026	471.38
Unutilised Amount as at March 31, 2026	71.68

7.21 Disclosure by Company and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

During the FY26, there are no loans or advances provided by the Company and its subsidiaries to firms/companies in which directors were interested.

7.22 Particulars of senior management including the changes therein since the close of the previous financial year

Details of senior management as on March 31, 2026 are mentioned hereunder:

S. No.	Name of Senior Management Personnel	Designation
1.	Mr. Alok Chander	Vice President – Marketing
2.	Mr. Baburaj Eradath	Vice President – Administration & MDs Office
3.	Mr. Bhuvnesh Sachdeva	Senior Vice President- International Sales
4.	Mr. Devender Kumar	Executive President – Project Delivery
5.	Mr. Harshwardhan Pagay	Executive President – OFC
6.	Mr. Jayanta Dey	Executive President – 5G
7.	Mr. Jitendra Singh Chaudhary	Executive President – Communications
8.	Mr. Manoj Baid	President & Company Secretary
9.	Mrs. Neelu Chandra	Vice President – CSR & Spark Programme
10.	Mr. Prakash Chand Gulgulia	Vice President – Finance & Accounts
11.	Mr. Rajesh Jain	Executive President – Telecom EPC Projects
12.	Mr. Sampathkumaran S.T.	Executive President – Defence
13.	Mr. Sanjay Vithalrao Jorapur	Executive President – Human Resource
14.	Mr. Sunil Kumar Pandey	Senior Vice President – Chief AI & Digital Officer
15.	Mr. Sunil Kumar Kulshrestha	Executive President – Turnkey Projects
16.	Mr. Sushil K Wadhwa	President – Commercial
17.	Mr. Sunil Seth	Vice President – Strategy
18.	Mr. Vijay Raj Jain	Chief Financial Officer



Changes in the senior management during the year ended as on March 31, 2026, are mentioned hereunder:

S. No.	Name of Senior Management Personnel	Designation	Date of Joining	Date of Leaving
1.	Mr. Nand Lal Garg	President – Supply Chain	-	01/04/2025
2.	Mr. Bhuvnesh Sachdeva	Senior Vice President- International Sales	22/05/2025*	-
3.	Mr. Manish Gangey	Executive President – Product Management	-	24/01/2026

*Designated as Senior Management Personnel w.e.f. May 22, 2025.

7.23 Disclosure of certain types of agreements binding listed entities

During the FY26, there were no agreements which required disclosure under clause 5A of paragraph A of Part A of Schedule III of Listing Regulations.

7.24 Disclosures with respect to demat suspense account/ unclaimed suspense account

Particulars	Number of shares/ shareholders
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year:	N.A.
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year:	N.A.
Number of shareholders to whom shares were transferred from suspense account during the year:	N.A.
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year:	N.A.
Number of shares, voting rights which shall remain frozen till the rightful owner of such shares claims the shares:	N.A.

7.25 Green Initiative

Pursuant to Section 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and the Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic forms.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Directors' Report along with their annexures etc. in the electronic mode to the shareholders who have registered their E-mail IDs with the Company, RTA and/or their respective Depository Participants (DPs).

Shareholders who have not yet registered their e-mail addresses are requested to do so, to facilitate all future communication through electronic means and contribute to environmental conservation.

Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company/RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

DECLARATION OF COMPLIANCE OF THE CODE OF CONDUCT

[In terms of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors of HFCL Limited, in compliance of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has laid down the Codes of Conduct for all the Board Members and the Senior Managerial Personnel of the Company, which have also been posted on the website of the Company viz. www.hfcl.com. Pursuant to the above, the Company has received 'Affirmation of Compliance' from the Board Members and the Senior Managerial Personnel of the Company and accordingly, I make the following declaration:

I, **Mahendra Nahata**, Managing Director of HFCL Limited, hereby declare that all Board Members and the Senior Management Personnel of the Company, have affirmed compliance of the respective Codes of Conduct during the Financial Year 2025-26.

Mahendra Nahata
Managing Director

Date: April 30, 2026

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

HFCL Limited

CIN: L64200HR1987PLC148689

Plot No. 38, Institutional Area,

Sector-32, Gurugram -122001 (Haryana)

I have examined the compliance of conditions of Corporate Governance by HFCL Limited (**the “Company”**), for the year ended on 31st March, 2026, as stipulated under Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**“Listing Regulations”**).

The compliance of conditions of corporate governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name	: CS BALDEV SINGH KASHTWAL
FCS No.	: 3616
C. P. No.	: 3169
ICSI – UDIN	: F003616H001340017
ICSI – Peer Review Certificate No.	: 7700/2026
ICSI – Unique Identification No.	: I1999DE144000

Date: September 02, 2026

Place: New Delhi

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HFCL Limited
Plot No. 38, Institutional Area,
Sector-32, Gurugram -122001 (Haryana)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HFCL Limited, having CIN: L64200HR1987PLC148689 and having registered office at Plot No. 38, Institutional Area, Sector-32, Gurugram-122 001 (Haryana) (hereinafter referred to as the "Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March, 2026, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:-

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Mr. Mahendra Nahata	00052898	11/05/1987
2.	Mr. Arvind Kharabanda	00052270	31/10/2004
3.	Dr. (Mr.) Ranjeet Mal Kastia	00053059	07/02/1996
4.	Mr. Anil Narendra Shah	01844485	21/01/2026
5.	Mr. Bharat Pal Singh*	00739712	21/01/2020
6.	Mr. Ajai Kumar	02446976	25/11/2021
7.	Mrs. Bela Banerjee	07047271	17/12/2024

*Mr. Bharat Pal Singh, Non-Executive Independent Director, completed his second term as an Independent Director and ceased to be a Director of the Company w.e.f. 21.01.2026.

Ensuring the eligibility for the appointment / continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name : **CS BALDEV SINGH KASHTWAL**
FCS No. : **3616**
C. P. No. : **3169**
ICSI – UDIN : **F003616H001340006**
ICSI – Peer Review Certificate No. : **7700/2026**
ICSI – Unique Identification Number : **I1999DE144000**

Place: New Delhi
Date: September 02, 2026

Business Responsibility and Sustainability Report (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity:

S. No.	Question	Response
1.	Corporate Identity Number (CIN) of the Listed Entity	L64200HR1987PLC148689
2.	Name of the Listed Entity	HFCL Limited
3.	Year of Incorporation	11/05/1987
4.	Registered Office Address	Plot No. 38, Institutional Area, Sector – 32, Gurugram – 122 001, Haryana
5.	Corporate Address	8, Commercial Complex, Masjid Moth, Greater Kailash- II, New Delhi-110 048
6.	E-mail	secretarial@hfcl.com
7.	Telephone	+91-124-4310000
8.	Website	www.hfcl.com
9.	Financial Year for which reporting is being done	April 1, 2025- March 31, 2026
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)
11.	Paid-up Capital (INR)	₹153.06 Crore
12.	Name and contact details (telephone & email) of the person who may be contacted in case of queries on the BRSR report	Name: Mr. Manoj Baid Email: secretarial@hfcl.com Telephone: +91-11-35209400
13.	Reporting Boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone
14.	Name of assurance provider	Bureau Veritas (India) Private Limited ("Bureau Veritas")
15.	Type of assurance obtained	Reasonable Assurance on BRSR Core*

*Please refer to pages 202 to 205 for the Assurance Report.

II. Products/Services:

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	%Turnover of the entity
1.	Telecom Products	Telecom Products - Manufacturing of optical fiber, optical fiber cables and telecom and networking products	56.61
2.	Turnkey Contract and Services	Engineering, Procurement and Construction Services	43.37

17. Product/Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Optical Fiber Cables	27310	46.17
2.	Telecom Products/Equipment	26104	10.44
3.	Turnkey Contracts and Services	42202	43.37
Total			99.98

**III. Operations:****18. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of Plants	Number of Offices	Total
National	4	80	84
International	0	11*	11

*Including offices of subsidiaries.

19. Markets Served by the Entity:**a. Number of Locations:**

Location	Number
National (No. of States)	Pan India
International (No. of Countries)	HFCL exports its products to over 60 countries, including Germany, France, Denmark, Ireland, Austria, Finland, Italy, United Kingdom (UK), Portugal, Spain, United States of America (USA), Canada, Mexico, Argentina, South Africa, Turkey, United Arab Emirates (UAE), and more.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

During FY26 exports contributed 41% to the total consolidated turnover of the Company.

c. A Brief on types of customers

HFCL is a leading technology enterprise with operations in high end Telecom and Defence Equipment, Optical Fiber and Optical Fiber Cables and also creating digital networks for telcos, enterprises and governments. Over the years, HFCL has emerged as a trusted partner offering sustainable high-tech solutions with a commitment to provide the latest technology products to its customers. Our strong R&D expertise coupled with our global system integration services and decades of experience in fiber optics enable us to deliver innovative digital network solutions required for the most advanced networks.

HFCL's customers are broadly classified into three categories:

1. Business-to-Business (B2B):

This segment encompasses engagements with major telecom operators, Original Equipment Manufacturers (OEMs), and turnkey project companies. HFCL supplies critical components such as optical fiber cables, telecom and networking equipment essential for the deployment of 4G, 5G, and broadband networks along with defence equipment. Additionally, the Company offers network implementation solutions to turnkey project partners. These clients rely on HFCL's reliable manufacturing infrastructure and technological capabilities to deliver scalable, high-quality connectivity solutions.

2. Business-to-Emerging Corporate Accounts (B2ECA):

This segment comprises Internet Service Providers (ISPs) and system integrators, who are central to India's ongoing digital transformation. HFCL supports these customers with advanced fiber-optic solutions, telecom hardware, and integrated network services designed to enable enterprise-grade connectivity and infrastructure expansion across diverse geographies.

3. Business-to-Government (B2G):

HFCL plays a crucial role in serving government entities, including, defence organisations, public sector undertakings (PSUs) and Indian Railways. HFCL has a strong track record in executing large-scale telecom infrastructure projects, including transport networks, FTTH rollouts, and advanced Wi-Fi deployments. The Company supports critical defence communication infrastructure with secure, end-to-end network deployments contributing directly to India's digital and security imperatives.

4. Manufacturing Support:

HFCL's state-of-the-art manufacturing facilities located in Hyderabad, Goa, and Hosur are central to its ability to serve the diverse clientele. These units specialise in the production of optical fiber cables, optical fiber, telecom networking products, and defence-grade equipment. This manufacturing backbone enables HFCL to deliver high-performance, customised solutions across both domestic and international markets.

IV. Employees:

20. Details as at the end of Financial Year 2025-26:

a. Employees and Workers (including differently abled)

Employees (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
1.	Permanent Employees	1,641	1,525	93	116	7
2.	Other than Permanent Employees	495	487	98	8	2
3.	Total Employees (1+2)	2,136	2,012	94	124	6
Workers (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
4.	Permanent Workers	179	158	88	21	12
5.	Other than Permanent Workers	1,158	1,018	88	140	12
6.	Total Workers (4+5)	1,337	1,176	88	161	12

Notes:

- Permanent Employees- L5 and above on-roll employees.
- Other than Permanent Employees - Trainee (BE & Graduate) engineers under various government scheme such as NAPS, NATS and off-roll employees on third-party rolls.
- Permanent Workers - L6 and L7, on-roll employees.
- Other than Permanent Workers - Trainee (Diploma & ITI) engineers under various government schemes such as NAPS, NATS and off-roll employees on third-party rolls.

b. Differently abled Employees and Workers

Differently Abled Employees						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
1.	Permanent Employees	1	1	100	0	0
2.	Other than Permanent Employees	0	0	0	0	0
3.	Total Employees (1+2)	1	1	100	0	0

Differently Abled Workers						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
4.	Permanent Workers	0	0	0	0	0
5.	Other than Permanent Workers	0	0	0	0	0
6.	Total Workers (4+5)	0	0	0	0	0

**21. Participation/Inclusion/Representation of Women**

	Total (A)	Number of Female (B)	Percentage (B/A)
Board of Directors	6	1	17
Key Management Personnel (KMP)*	2	0	0

*Excluding Managing Director who has been included in Board of Directors category.

Note: Mr. Bharat Pal Singh (DIN: 00739712) have completed his second term as Independent Director on the close of Business hours on January 20, 2026.

During the FY26, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Anil Narendra Shah (DIN: 01844485) as an Additional Director in the Category of Independent Director for a period of three consecutive years effective from January 21, 2026 to January 20, 2029, not liable to retire by rotation, who was further appointed as a Director (Independent) by the Shareholders of the Company on March 15, 2026 through Postal Ballot by way of a special resolution.

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

(In %)

	FY 2025-26			FY 2024-25			FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	25	20	24	24	20	24	11	17	11
Permanent Workers	8	5	8	8	13	9	7	17	9

V. Holding, Subsidiary and Associate Companies (including joint ventures):**23. (a) Names of holding/subsidiary/associate companies/joint ventures**

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/associate/joint venture	% of shares held by listed entity	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	HTL Limited	Subsidiary	74	No
2.	Raddef Private Limited	Subsidiary	90	No
3.	Moneta Finance Private Limited	Subsidiary	100	No
4.	HFCL Advance Systems Private Limited*	Subsidiary	100	No
5.	Polixel Security Systems Private Limited	Subsidiary	100	No
6.	DragonWave HFCL India Private Limited	Subsidiary	100	No
7.	HFCL Technologies Private Limited	Subsidiary	100	No
8.	HFCL B.V. Netherlands	Subsidiary	100	No
9.	HFCL Inc. USA	Subsidiary	100	No
10.	HFCL Canada Inc.	Step-down subsidiary	100	No
11.	HFCL Poland Sp. z.o.o.** (formerly known as Blue Diwali Sp. z.o.o.)	Step-down subsidiary	100	No
12.	HFCL UK Limited	Step-down subsidiary	100	No
13.	HFCL Pty Limited (wholly owned subsidiary of HFCL B.V.)	Step-down subsidiary	100 [#]	No
14.	Nimpaa Telecommunications Private Limited	Associate	50	No
15.	BigCat Wireless Private Limited	Associate	50 [§]	No

*HFCL Limited holds 90% shareholding directly and balance 10% held through Polixel Security Systems Private Limited, a wholly owned subsidiary of HFCL Limited.

**HFCL Poland Sp. z.o.o., (formerly Blue Diwali Sp. z.o.o.) (Wholly owned subsidiary of HFCL B.V.) has been voluntarily liquidated and its name has been removed from National Court Register w.e.f. January 02, 2026.

[#]HFCL Pty Ltd, (Wholly owned subsidiary of HFCL B.V.) has been voluntarily liquidated and deregistered w.e.f. August 19, 2026.

[§]50% voting rights.

VI. CSR Details:

24. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No): Yes

(ii) Turnover (in ₹ Crore): 4,527.54

(iii) Net Worth (in ₹ Crore): 4,727.44

VII. Transparency and Disclosures Compliances:

25. Complaints/Grievances on any of the Principles (1-9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide web-link for grievance redress policy)	Current Financial Year 2025-26			Previous Financial Year 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. Responsibility for handling community grievances is assigned to the CSR project partners through the Memorandum of Understanding (MoU). These partners address any complaints in a collaborative manner, following the established protocols and guidelines to ensure timely and effective resolution.	0	0	No complaints filed.	0	0	No complaints filed.
Investors and Shareholders	Yes. The Company has 'Whistleblower Policy' in place available at: https://cdn.prod.website-files.com/69e0036b-695965871f0524aa/69e0036b-695965871f0528cc_Vigil%20Mechanism%20and%20Whistle-Blower%20Policy.pdf Mechanism for Grievance Redressal: The Company has a grievance redressal mechanism for receiving complaints from different stakeholders, including investors and shareholders. During the year, the Company has attended the investor's grievances/correspondence within a period of 15 days from the date of receipt of the same except in cases which were constrained by disputes and legal impediments.	5	0	All complaints resolved.	58	0	All complaints resolved.
Employees and Workers	Yes. Employee and extended workforce grievances are addressed in a timely and effective manner through our grievance redressal mechanism, available at all our plants/offices.	0	0	No complaints filed.	0	0	No complaints filed.
Contract Labourers		0	0	No complaints filed.	0	0	No complaints filed.



Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide web-link for grievance redress policy)	Current Financial Year 2025-26			Previous Financial Year 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of year	Remarks
Customers	At HFCL, we have a structured system for handling customer complaints, which allows customers to provide feedback or complaints via email to their assigned account manager or the designated plant complaint management representative. Resolutions are completed within defined time frames that correspond to the nature and urgency of each complaint. The policy related to the customer grievances is available on Company's website- https://www.hfcl.com/wp-content/uploads/2021/12/HFCL-F08-06-14-Customer-Complaint-Form_Rev-01.pdf	11	0	All complaints resolved.	6	0	All complaints resolved.
Value Chain partners	Yes. Complaints are submitted to the respective account managers within the Optical Fiber Cable (OFC) Business Unit and are typically resolved within 24 hours. In the Communication Business Unit, issues are addressed within a defined response time of 12 hours. To ensure timely resolution, an escalation matrix is in place with up to three levels of intervention. If a complaint remains unresolved at the initial stages, it is escalated to the third level, where it is mandatorily resolved within 48 hours. Dedicated email (iosupport@hfcl.com) and a Toll-Free Number (+91 8792701100) is provided for registering complaints. The email of SPOC has been also provided. (naresh.gupta@hfcl.com)	0	0	No complaints filed.	0	0	No complaints filed.
Implementation Partner (NGOs)	Yes. The process for raising, addressing, and resolving grievances or issues with CSR project partners is clearly outlined in each Memorandum of Understanding (MoU), ensuring clarity of roles, accountability, and timely redressal.	0	0	No complaints filed.	0	0	No complaints filed.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
1.	Innovation Management	Opportunity	The Company focuses on fostering a culture of innovation and strengthening its investment in Research & Development (R&D) to drive the development of cutting-edge products, services, and solutions. Effective innovation management presents a strategic opportunity by enabling product differentiation, unlocking new revenue streams, enhancing operational efficiency, and supporting business expansion. This proactive approach positions the Company for sustained growth, resilience, and long-term competitiveness in an evolving market landscape.	-	Positive
2.	Data Privacy and Cyber Security	Risk and Opportunity	As a technology-driven Company, safeguarding sensitive and confidential information is critical to maintaining stakeholder trust and business integrity. Ensuring robust data security and upholding individuals' rights to privacy in the collection, use, and sharing of personal data are essential to compliance, reputation, and risk mitigation. With increasing digitalisation and evolving regulatory frameworks, any lapse in data privacy or cybersecurity could expose the Company to legal, financial, and reputational risks. Therefore, managing data privacy and cybersecurity effectively is a top priority to ensure business continuity and long-term stakeholder confidence.	HFCL prioritises the implementation of robust measures and structured processes to protect sensitive information at every level of the organisation. We collect only the data necessary for business operations, ensuring it is handled securely and in compliance with applicable regulations. Our IT management system is certified under ISO/IEC 27001:2013, ISO/IEC 27001:2022 and ISO/IEC 27701:2019, reflecting our commitment to the highest standards of information and privacy security. Comprehensive policies and governance frameworks are in place to oversee data protection practices. In addition, we conduct regular compliance audits, update policies proactively in line with evolving regulations, and organise periodic risk awareness and training sessions to reinforce our cybersecurity posture and minimise vulnerabilities.	Negative



S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
3.	Employee Growth, Training, and Learning & Development	Opportunity	HFCL views employee growth, training, and continuous learning as strategic opportunities to enhance workforce capabilities and foster a culture of excellence. The Company is committed to empowering its employees by providing access to structured training programs, skill-building initiatives, and professional development opportunities. By investing in learning and development, HFCL aims at strengthening individual performance and drive innovation, engagement, and long-term organisational growth. This commitment reflects our broader approach to social responsibility and underscores the value we place on nurturing talent and advancing the well-being of our workforce.	-	Positive
4.	Climate Change	Risk	Climate change presents a risk to HFCL's operations, supply chains, and long-term value creation. Physical risks such as extreme weather events can disrupt operations, damage assets, and impact supply chain continuity, leading to increased costs and operational delays. In parallel, transition risks arising from evolving regulations, stakeholder expectations, and shifts toward low-carbon technologies can affect market competitiveness, reduce asset value, and impact investor confidence. ESG disclosures help bring transparency to the Company's climate risk exposure and outline the mitigation and adaptation strategies in place. Addressing climate risks is critical not only for regulatory compliance but also for safeguarding business resilience and long-term sustainability.	HFCL places strong emphasis on implementing strategies and actions aimed at mitigating climate-related risks while aligning its operations with principles of sustainable development. The Company integrates climate resilience into its decision-making processes and actively works to reduce its environmental impact through energy-efficient technologies, responsible resource management, and sustainable business practices.	Negative

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
5.	Sustainable Supply Chain	Risk and Opportunity	HFCL recognises the sustainable supply chain as a strategic risk and opportunity to build resilience, enhance operational efficiency, and strengthen stakeholder trust. As a technology-driven manufacturing Company, aligning supply chain practices with ESG principles enables HFCL to reduce environmental impact, promote ethical sourcing, and ensure regulatory compliance. By collaborating with responsible suppliers and promoting transparency across the value chain, the Company can drive long-term value creation, mitigate potential disruptions, and unlock cost efficiencies through resource optimisation. A sustainable supply chain also supports HFCL's commitment to circularity, innovation, and responsible growth, reinforcing its competitive position in a dynamic global market.	The Company's integrated business model supports a streamlined and efficient supply chain, helping to improve performance and lower costs. To strengthen resilience, the Company is adopting sustainable practices to address climate change, broadening its supplier base to mitigate geopolitical risks, and securing alternative sources to manage potential raw material shortages.	Positive
6.	Occupational Health and Safety	Risk and Opportunity	Effective occupational health and safety management presents both a critical risk and a strategic opportunity for HFCL. Given the manufacturing and field-intensive nature of its operations, inadequate safety measures can lead to workplace incidents, regulatory violations, reputational harm, and disruptions in business continuity. Conversely, maintaining a strong OHS framework enhances workforce well-being, ensures compliance, improves productivity, and strengthens stakeholder confidence in the Company's responsible business practices.	HFCL adopts a comprehensive and proactive approach to managing occupational health and safety risks across all its operations. The Company maintains safe, healthy, and hygienic working conditions for all employees, contractors, and temporary staff by aligning its Occupational Health and Safety Management System (OHSMS) with ISO 45001 standards. A Zero Tolerance (ZETO) approach is followed to eliminate unsafe practices and promote a risk-aware culture. Regular risk assessments, medical check-ups, safety drills, and visual inspections are conducted to prevent work-related injuries and illnesses. Employees are actively engaged in safety matters through consultation and capacity-building initiatives. Compliance with all applicable OHS laws and international best practices is strictly ensured, and continuous improvements are driven through audits, incident investigations, and corrective actions.	Negative



S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
7.	Waste Management	Risk and Opportunity	Ineffective waste management can result in environmental degradation, legal non-compliance, and reputational risks. As a manufacturing company, HFCL generates various types of waste including hazardous, non-hazardous, and e-waste, which require proper handling and disposal. Poor waste management practices can lead to pollution, community concerns, and increased operational costs. Therefore, ensuring responsible waste disposal and minimisation is essential to maintaining environmental stewardship, regulatory compliance, and stakeholder trust.	HFCL has implemented a comprehensive waste management system across all its operations. Waste is categorised and segregated at source, with hazardous waste managed by Central Pollution Control Board (CPCB)-authorised vendors. Non-hazardous waste is either recycled, reused within operations (where feasible), or sent to authorised recyclers. All raw materials used in the manufacturing of Optical Fiber and Optical Fiber Cables are RoHS and REACH compliant. HFCL also proactively reduces hazardous materials through design innovations such as shifting to dry-core cables to reduce petroleum-based jelly and promotes circular practices by recycling packaging materials and sending used spools and containers back to suppliers. Regular audits, training, and compliance monitoring are conducted to ensure continuous improvement and alignment with regulatory and sustainability goals.	Positive
8.	Diversity and Inclusion	Opportunity	HFCL recognises diversity and inclusion as a strategic opportunity to foster innovation, enhance employee engagement, and build a resilient workforce. Embracing diverse perspectives and creating an inclusive work environment strengthens decision-making, drives creativity, and improves overall organisational performance. A diverse talent pool also enables the Company to better understand and serve a broad range of stakeholders. By promoting equal opportunities and inclusive practices, HFCL positions itself as an employer of choice, contributing to long-term growth, social equity, and business sustainability.	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes out in place towards adopting the NGRBC Principles and Core Elements.

Principles of National Guidelines on Responsible Business Conduct

P1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

P2 - Businesses should provide goods and services in a manner that is sustainable and safe.

P3 - Businesses should respect and promote the well-being of all employees, including those in their value chains.

P4 - Businesses should respect the interests of and be responsive to all its stakeholders.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect and make efforts to protect and restore the environment.

P7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

P8 - Businesses should promote inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
Policy and Management Processes									
1. (a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) Has the policy been approved by the Board? (Yes/No)¹	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Web-link of the policies, if available	https://www.hfcl.com/investors/investor-information								
2. Whether the entity has translated the policy into procedures? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	At HFCL, the appropriate policies are triggered down value chain partners as deemed to enhance resource efficiency and drive community development and engagement initiatives.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 9001:2015 – Quality Management System at Corporate Office at Delhi, Goa Plant, Hyderabad Plant and Solan. • TL9000 R6.3/R5.7(H) – Quality Management System (Telecom Industry specific) at Goa Plant and Hyderabad Plant. • ISO 10002:2018 – Complaint Management System at Goa Plant and Quality management - Customer Satisfaction -Guideline for complaints handling in organisation at Hyderabad Plant. • ISO 14001:2015 – Environmental Management System at Goa Plant, Hyderabad Plant and Solan. • ISO 45001:2018 – Occupational Health and Safety Management System at Goa Plant, Hyderabad Plant, and Corporate Office at Delhi.								

¹The Company's policies are periodically reviewed or on a need basis by the business/department heads, and/or the Board of Directors and signed off by Managing Director/SBU Head/Functional Head, as deemed appropriate by the Company.



	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
Disclosure Questions	• ISO/IEC 27001:2013 – Information Technology, Security Techniques, Information Security Management systems at Gurugram Office. • ISO/IEC 27001:2022 - Information Technology, Security Techniques, Information Security Management systems Requirements at Corporate office, Delhi at Hyderabad Plant, and Goa Plant. • ISO/IEC 27701:2019 – Privacy Information Management System (PIMS) at Goa Plant, Hyderabad Plant, Corporate Office at Delhi, and Registered office at Gurugram. • ISO/IEC 20000-1:2018 – Information Technology – Service Management System at Goa Plant, Hyderabad Plant, Corporate Office at Delhi and Registered office at Gurugram. • ISO/IEC 17025:2017 – General Requirements for the Competence of Testing & Calibration Laboratories at Goa Plant and Hyderabad Plant. • ISO 22301:2019 – Business Continuity Management System at Goa Plant. • CMMI Maturity Level 5 – CMMI L5 for Software Development at Gurugram Office. Certificate of Designation (OFC Testing Lab) – Certificate of Conformity Assessment Body (CAB) Designation at Goa and Hyderabad Plant. • ESD Certificate - Electrostatic discharge (ESD) at Manesar Plant. • Zero waste to landfill (ZWL) as per UL ECVP 2799 at Hyderabad Cable Plant. • ZLD - Zero Liquid Discharge at Hyderabad OF Plant. • ISO 50001:2018- EnMS- Energy Management System, at Hyderabad Plant. • Zero waste to landfill as per DIN SPEC 91436:2021-05 at Goa plant. • ISO 37001:2016 (Anti-Bribery Management System) for corporate office at Delhi, Goa, Hyderabad and Hosur.								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	HFCL is committed to sustainable business practices and social development initiatives. We have business specific goals and commitments as illustrated below: Goa Plant: • HFCL Goa Plant aims to achieve a 40% cumulative transition to renewable energy by FY 27, with 33% of the targeted renewable energy procurement planned through Open Access, subject to the Government notifying the required policy and establishing the necessary regulatory framework. • Targeted meeting 7% of the energy requirement by FY27 by renewable energy sources. • Reduce power consumption by upgrading technology in machineries resulting in saving of 5 lakh units of electricity on a yearly basis by FY27. • Goa facility has implemented Zero Liquid Discharge (ZLD) by establishing Sewage Treatment Plants which employs preliminary, primary, secondary, and tertiary processes to remove contaminants. • Goa facility has taken several initiatives to recycle its packaging waste as an initiative to reduce the net waste disposal.								

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Disclosure Questions	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
	At Hyderabad Plant: The sustainable business practices and social development initiatives for Optical Fiber and Optical Fiber Cable Plants at Hyderabad are list below: • Renewable Energy Implementation: HFCL has installed a 1 MWp rooftop solar power system at its Hyderabad facility during May 2026. This initiative is expected to generate approximately 1.5 million units of clean energy annually, resulting in a reduction of carbon emissions by up to 1,215 metric tons per year and achieving cost savings of approximately INR 10.5 million. • Zero Liquid Discharge Certification: The facility has obtained Zero Liquid Discharge (ZLD) certification during FY26, reinforcing its commitment to sustainable water management and environmental stewardship. • Sustainability Certification Goals: The facility has achieved the target of Zero Waste to Landfill during FY26. • Adoption of LED Technology: The Plant has implemented horizontal deployment of LED lighting systems in the new phase of its optical fiber facility. This transition from conventional microwave-based systems is projected to reduce carbon emissions by an estimated 5,022 metric tons annually. • Green Corridor Development: The Company is continuously making efforts to preserve local biodiversity through the maintenance of a 10,200 square meter green corridor within the TSIIIC Industrial Area, contributing to ecological balance and enhancing the industrial ecosystem.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	HFCL has embedded ESG considerations into its business strategy and operations through initiatives focused on energy efficiency, renewable energy adoption, emissions management, water conservation, and waste reduction. The Company has also advanced employee well-being, workplace safety, diversity and inclusion, and community development through focused social programmes. These actions are supported by a governance framework that emphasises ethical business practices, regulatory compliance, risk management, transparency, and active Board oversight. Overall, the Company continued to make progress against its ESG commitments and priorities during the reporting period. Its performance across key environmental, social, and governance (ESG) parameters is detailed in this BRSR Report.								
	Governance, leadership, and oversight								
7. Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	At HFCL, sustainability is integrated into the way we manage operations, develop products, and create long-term value. The telecommunications and technology sectors face increasing expectations on climate resilience, resource efficiency, data security, workforce development, and responsible supply chain management. These expectations create both challenges and opportunities that require disciplined execution, transparent governance, and continuous improvement across the business. During FY26 we continued to strengthen our approach to environmental stewardship. Climate change remains a key business risk due to its potential impact on operations, supply chains, energy costs, and stakeholder expectations. In response, we advanced initiatives focused on energy efficiency, renewable energy adoption, water stewardship, waste management, and operational resilience. The Company continued its efforts towards Zero Liquid Discharge and Zero Waste to Landfill practices at manufacturing locations and progressed renewable energy projects designed to reduce dependence on conventional energy sources. Our commitment to strengthening climate action is also reflected in our engagement with leading global ESG assessment frameworks. During FY26, HFCL achieved a score of 50 in the S&P Global Corporate Sustainability Assessment (DJSI CSA) and received a C rating from Carbon Disclosure Project (CDP). During FY26, we submitted our near-term decarbonisation targets to the Science Based Targets initiative (SBTi), while continuing investments in renewable energy adoption, resource efficiency, waste reduction and responsible manufacturing.								



Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
Responsible management of resources remains a priority across our manufacturing operations. We continued to improve waste segregation, recycling, and circularity practices while strengthening systems for responsible management of hazardous and non-hazardous waste. Our environmental approach is supported by recognised management systems and operational controls that help improve compliance, reduce environmental impacts, and support long-term business resilience.									
Cybersecurity and data privacy continue to be critical priorities as digital technologies become increasingly embedded in products, services, and business processes. HFCL maintained its focus on information security governance, supported by certified management systems, periodic audits, and employee awareness programmes. Protecting stakeholder data and maintaining business continuity remain essential elements of our risk management framework.									
Our people remain central to our success. We continued to invest in employee learning, capability development, health, safety, and well-being. Through structured training programmes, leadership development initiatives, and continuous improvement in occupational health and safety practices, we aim to create a workplace that is safe, inclusive, and conducive to professional growth. We also recognise that workforce development strengthens innovation, operational excellence, and long-term competitiveness.									
Responsible business conduct extends beyond our operations into our value chain. We continued to promote sustainable procurement practices, strengthen supplier engagement, and encourage alignment with our environmental, social, and governance expectations. Building a resilient and responsible supply chain remains important as geopolitical, environmental, and market risks continue to evolve.									
Our governance framework provides oversight of sustainability priorities through Board-level engagement and the ESG Committee. This structure helps ensure that ESG considerations are integrated into strategic planning, risk management, and decision-making processes. Transparency, accountability, ethical conduct, and stakeholder responsiveness remain fundamental to the way HFCL conducts business.									
Our sustainability efforts are complemented by community development programmes spanning healthcare, education, skills development and social empowerment that positively impacted more than 1.15 lakh beneficiaries during the year. These initiatives reflect our commitment to creating enduring value for all stakeholders while contributing meaningfully to society and the environment.									
As we move forward, we remain focused on delivering measurable progress against our sustainability objectives while addressing emerging challenges. We will continue to strengthen climate resilience, improve resource efficiency, support our workforce, advance responsible innovation, and create long-term value for stakeholders through disciplined execution of our ESG priorities.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	The Company's Board of Directors are entrusted with the responsibility to oversee the implementation of the business responsibility policies.								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If "Yes", provide details	Yes. The Board of Directors of the Company has constituted an ESG Committee to provide strategic direction and oversight on the Company's environmental, social, and governance initiatives and their implementation across the organisation. The ESG Committee comprises the following members: 1. Mr. Bharat Pal Singh (Independent Director) – Chairman (up to 20.01.2026) 2. Mr. Anil Narendra Shah (Independent Director) – Chairman (w.e.f. 21.01.2026) 3. Mr. Mahendra Nahata (Managing Director) – Member 4. Mr. Arvind Kharabanda (Non-Executive Director) – Member 5. Mr. Vijay Raj Jain (Chief Financial Officer) – Member 6. Mr. Sanjay Vithalrao Jorapur (Executive President – HR) – Member 7. Mr. Rajesh Tatia (Vice President – Goa Plant) – Member 8. Mr. Vivek Agrawal (Vice President – Hyderabad Plant) – Member Mr. Manoj Baid, President and Company Secretary, act as the Secretary to the Committee.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/Any Other- please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The Company's policies are periodically reviewed or on a need basis by the business/department heads, and/or the Board of Directors and signed off by Managing Director/SBU Head/Functional Head, as deemed appropriate by the Company.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	HFCL complies with all applicable laws, regulations, and statutory requirements relevant to its business operations and the principles of responsible business conduct. The Company maintains a structured compliance management framework to monitor adherence across all locations and functions. The Board of Directors, relevant Board Committees, and business leadership, responsible for services and manufacturing operations, review compliance status on a periodic basis. Where any instances of non-compliance, observations, or gaps are identified, the Company implements corrective and preventive actions and tracks their closure through established governance mechanisms.																	

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/ No). If "Yes", provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare

The working of the policies of the Company is reviewed periodically or on a need basis by business/department heads, and/or the Board of Directors. Periodic assessment of policies for sustainability alignment is also conducted by an independent third party.

Further the operation implementation and procedures were assessed during the certification process by independent external agencies, the details of which are provided below:

Certifications	Goa Plant	Hyderabad OF Plant	Hyderabad OFC Plant	Hosur Plant	IT
ISO 9001:2015 – Quality Management System (Principle 2 and Principal 9)	Bureau Veritas	DQS Inc.	Bureau Veritas	Nova Star Management Systems Solutions India Pvt Ltd	-
ISO 14001:2015 – Environmental Management System (P6)	Bureau Veritas	DQS Inc.	Bureau Veritas	-	-
ISO 45001:2018 – Occupational Health and Safety Management System (Principle 3 and Principle 5)	Bureau Veritas	DQS Inc.	Bureau Veritas	-	-
IISO/IEC 27001:2022 Information Management System (P9)	Intertek	Intertek	Intertek	Intertek	Intertek
ISO 50001:2018 – Energy management System (Principle 6)	-	Bureau Veritas	Bureau Veritas	-	-



12. If Answer to Question (1) Above is "NO", i.e., not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any Other Reason (please specify)									

Not Applicable

Section C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Entity demonstrates their performance in integrating the Principles and Core Elements with key processes and decisions.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year 2025-26:

Segment	Total number of training and awareness programs held	Topics/Principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	11	The Board of Directors of the Company is periodically briefed on various updates pertaining to the business, government regulations and its impact on Company's operations.	100
Key Managerial Personnel	4	Seminar on NCLT & NCLAT Conclave 2157, Seminar on Capital Market Week, Session on Anti-Bribery & Anti-Corruption, Interactive session on Compliances under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the virtual training on HFCL's Insider Trading Portal	50

Segment	Total number of training and awareness programs held	Topics/Principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	585	AI Training (R&D/Business/HR), Uses of AI in Business Operations, Generative AI for Beginners, Microsoft Copilot 365, Six Sigma Awareness Program, FMEA Training, 7QC Tools & Implementation, Root Cause Analysis, Canvas 5.0 & AP Integration, WiFi 7 Overview, NAC – Cisco ISE & Aruba ClearPass, DWDM Technology, OFC Manufacturing Overview, Sheathing & FTTH Manufacturing Overview, 7QC Tools Awareness, CAPA Training for Fiber Loading Issues, ISO/IEC 17025:2017 & NABL Requirements, ISO/IEC 17025 – Internal Auditor, Quality Awareness, 8D Analysis, Annual Mandatory Compliance Program, Fire Fighting and Fire Safety, Emergency Preparedness & Response, HIRA (Hazard Identification & Risk Assessment), LOTO (Lockout Tagout), Zero Waste to Landfill, Energy Management System (EnMS) Awareness Certification Training- ISO 50001:2018 (EnMS Awareness), ISO 50001:2018 (EnMS IAT), ESG Awareness, Hazardous Waste Management, Mastering the Art of Presentation, Effective Customer Interaction, Mental Wellbeing, Scale Up with Financial Wellness, etc.	87
Workers	281	Fire Fighting and Fire Safety, HIRA (Hazard Identification & Risk Assessment), Emergency Preparedness & Response, Work at Height/Fall Prevention, Behaviour Based Safety, Training on Aspect Impact & HIRA Study, 7QC Tools Awareness, ISO Audit Awareness, OFC Manufacturing Overview, Basics of Optical Fiber & OFC, Fiber Drawing Basics, OTDR Testing & Fiber Testing, OFC Testing Basics, Presentation Skills (Mastering the Art of Presentation), Giving and Receiving Feedback, Effective Customer Interaction, Healthy Lifestyle & Wellness Session, Yoga & Wellness Session, Heart Health Awareness, Cancer Awareness & Prevention, etc.	55

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format:

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as discussed on the entity's website)

Monetary					
	NGRBC Principle	Name of the Regulatory/enforcement agencies/judicial institutions	Amount (in INR)	Brief of Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine					
Settlement			Nil		
Compounding Fee					
Non-Monetary					
	NGRBC Principle	Name of the Regulatory/enforcement agencies/judicial institutions		Brief of Case	Has an appeal been preferred? (Yes/No)
Imprisonment					
Punishment			Nil		



3. Of the instances disclosed in Question 2, above detail of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide web-link to the policy.

Yes.

HFCL maintains a '**zero-tolerance approach**' towards bribery and all forms of corruption, upholding the highest standards of integrity, transparency, and ethical conduct in all its operations. The Company has implemented its **Anti-Bribery and Anti-Corruption Policy** across all its operational locations, including subsidiaries and affiliates, ensuring consistent application of these principles globally. This policy applies to all individuals associated with HFCL, including directors, senior executives, officers, employees (*permanent, fixed-term, or temporary*), consultants, contractors, trainees, secondees, casual staff, volunteers, interns, agents, and any other third parties representing or acting on behalf of the Company. HFCL actively encourages all covered individuals to promptly report any concerns related to bribery, corruption, or unethical conduct through the appropriate channels, fostering a culture of accountability and ethical vigilance.

The Anti-Bribery and Anti-Corruption Policy is available at: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f052a00_HFCL-Anti-Bribery_and_Anti-Corruption_Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Directors	Nil	Nil
Key Managerial Personnel (KMPs)	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	Current Financial Year 2025-26		Previous Financial Year 2024-25	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

The Company remains committed to adhering to all applicable regulations, standards, and legal requirements. During the reporting period, no instances of non-compliance concerning corruption, conflicts of interest or any applicable regulatory requirements were detected; consequently, no corrective measures were necessary.

8. Number of days of accounts payables ((Accounts payable*365)/Cost of goods/services procured) in the following format:

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Number of days of accounts payables	108	147

9. Openness of Business:

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	Current Financial Year 2025-26	Previous Financial Year 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of the total purchases	Not Applicable	Not Applicable
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	Not Applicable	Not Applicable
	b. Number of dealers/distributors to whom sales are made		
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors		
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	16%	9%
	b. Sales (Sales to related parties/Total Sales)	31%	3%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	61%	67%
	d. Investments (Investments in related parties/Total Investments made)	59%	51%

Leadership Indicators

1. Awareness programmes conducted for the value chain partners on any of the Principles during the financial year 2025-26:

Total number of awareness programmes held	Topics/Principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Principle 1, Principle 3 and Principle 6 of BRSR	1.96

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No). If "Yes", provide details of the same.

Yes.

As a part of its Code of Business Conduct and Ethics for the Members of the Board of Directors ("Code"), the Company has instituted detailed provisions to address conflicts of interest. In addition to this, the Company has formulated internal policies and mechanisms that outline various safeguards and measures to manage conflicts of interests. The Code is publicly available on the Company's website:

https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7ce08a937da56dd0572fd_Code-of-Business-Conduct-and-Ethics-Board-of-Directors_22052025.pdf

The Company's approach to managing conflicts of interest includes the following:

- **Declaration of Conflicts:** Directors are required to promptly disclose any actual, potential, or perceived conflict of interest arising from their personal, financial, or professional relationships.
- **Prior Review and Approvals:** Activities that may result in a conflict of interest, including external appointments or business relationships with customers, suppliers, competitors, or other related entities, are subject to prior review and approval by the Audit Committee, wherever applicable.
- **Outside Directorships:** Directors are not permitted to accept assignments with companies or agencies that compete with HFCL without obtaining prior approval from the Company's Audit Committee.



- **Governance of Related Party Dealings:** Directors are expected to avoid participating in transactions involving relatives or entities in which they or their relatives have a significant interest. Such transactions are undertaken only after complying with the applicable statutory and internal approval requirements.
- **Ethical Business Conduct:** Directors are prohibited from accepting gifts, hospitality, or other benefits that could influence, or be perceived to influence, their independent judgment. Only customary business courtesies of nominal value are permitted.
- **Protection of Company Interests:** Directors are required to safeguard the Company's confidential information, assets, and business opportunities and are prohibited from using them for personal gain without appropriate authorisation from the Board.
- **Oversight and Compliance:** Compliance with the Code is monitored through the Company's governance processes, with the Audit Committee and the Board overseeing the identification, disclosure, and management of conflicts of interest, wherever required.

These measures support transparency, accountability, and ethical decision-making, while ensuring that the interests of the Company and its stakeholders remain protected.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particulars	Current Financial Year 2025-26	Previous Financial Year 2024-25	Details of improvements in environmental and social impacts
R&D	100%	100%	The Company directs its R&D investments towards the development, enhancement, and deployment of telecom and networking technologies that create positive environmental and social outcomes. These investments are focused on strengthening digital infrastructure, improving network efficiency and reliability, and enabling secure, high-speed connectivity across diverse geographies. The Company's technology solutions support digital transformation across sectors by enabling smart agriculture, remote working, Smart City applications, and digital healthcare services, including telemedicine and remote consultations. Through these investments, the Company contributes to improved access to essential services, enhanced operational efficiency, and inclusive digital connectivity, while supporting sustainable socio-economic development.
Capex	100%	100%	Capital expenditure was strategically aligned with the Company's objective of strengthening sustainable manufacturing capabilities. Investments were made towards technology upgrades, advanced manufacturing equipment, and process enhancement initiatives that improve manufacturing precision, product quality, and operational performance. These investments enable the efficient production of telecom and networking solutions designed to strengthen digital infrastructure and create positive environmental and social outcomes. Accordingly, the Company considers its capital expenditure to be fully aligned with technologies that improve the environmental and social impacts of its products and manufacturing processes.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No).

b. If "Yes", what percentage of inputs were sourced sustainability?

(a) Yes.

HFCL has established a Sustainable Procurement Policy and Supplier Code of Conduct covering materials, supplies, services and subcontracted activities. The Company integrates ESG considerations into supplier evaluation, selection, performance monitoring and re-evaluation.

HFCL assesses suppliers against quality, environmental, health and safety, social, sustainability and business continuity criteria. Suppliers may need to provide regulatory records, management-system documents, relevant certifications and performance information relating to energy, water, waste, human rights and occupational safety. HFCL prioritises high-risk suppliers based on country risk, industry risk, ESG performance and compliance history.

The Supplier Code of Conduct sets requirements concerning legal compliance, environmental management, workplace safety, labour practices, human rights, business ethics and supply chain conduct. Suppliers must acknowledge the Code, and HFCL may assess their compliance through internal or external evaluations. Where a supplier does not address identified gaps within a reasonable period, HFCL may suspend or terminate the business relationship.

HFCL also considers total cost of ownership in procurement decisions, including relevant environmental, social and lifecycle costs.

(b) 100%.

HFCL applied its sustainable sourcing procedures to inputs procured during FY26 covering the input material categories, measured by value or volume.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life for:

a. Plastics (including packaging)

b. E-waste

c. Hazardous waste

d. Other waste

	Details of improvements in environmental and social impacts
Plastics (including packaging)	Recyclable plastic packaging is used wherever feasible. Plastic waste is segregated and handed over to authorised recyclers in compliance with Plastic Waste Management Rules and EPR requirements, where applicable.
E-waste	E-waste is segregated and disposed of through CPCB/SPCB-authorised recyclers in compliance with applicable E-Waste Management Rules, 2022.
Hazardous waste	HFCL has implemented a standardised hazardous waste management system in compliance with the applicable Hazardous and Other Wastes (Management and Transboundary Movement) Rules. Hazardous waste and contaminated packaging are safely stored, handled, and disposed of through authorised recyclers, Treatment, Storage and Disposal Facilities (TSDFs), or Alternate Fuel and Raw Material Recovery Facilities (AFRFs), as applicable.
Other waste	Paper, cardboard, wooden pallets/reels, metal scrap and other non-hazardous packaging waste are segregated and sent to authorised recyclers, supporting Zero Waste to Landfill (ZWL) initiatives.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If Yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Board? If Not, provide steps taken to address the same.

HFCL maintains a valid EPR Registration under the Importer category as required under the applicable E-Waste (Management) Rules. The registration supports the Company's compliance obligations for electronic waste management arising from its import activities. Telecom manufacturing operations are presently outsourced to an EMS partner.



EPR registration for Goa Plant has been completed and is currently awaiting further approvals from the authority concerned. In addition to this, the other HFCL plants are in the process of registering under EPR for plastic waste, in accordance with the Plastic Waste Management Rules.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessment (LCA) for any of its products (for manufacturing industries) or for its services (for service industry)? If Yes, provide details in the following format:

NIC Code	Name of product/service*	% of Total Turnover contributed	Boundary for which the Life cycle perspective/assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If "Yes", provide web-link
23102	ITU-T G.652.D (+250 µm Coating Diameter) OF	0.18	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
23102	ITU-T G.657.A1 (+200 µm Coating Diameter) OF	0.01	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
23102	ITU-T G.657.A2 (+200 µm Coating Diameter) OF	0.03	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
23102	ITU-T G.657.A2 (+250 µm Coating Diameter) OF	0.28	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
27310	48F Armoured G.652.D OFC	0.25	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
27310	96F ULW G.657.A1 OFC	0.18	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
27310	144F Multitube Micro G.652.D OFC	0.10	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102
26303	ion4x14 - 1 Gbps UBR with 27 dBi integrated antennas	0.08	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalents (kg CO ₂ -eq)	Yes	HFCL SR FY 24-25 Page102

*The Life Cycle Assessment of the above-mentioned products were carried out using the data for FY25. The percentage contribution to the turnover value for each product has been provided for FY26.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action-taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
Cradle-to-gate Life Cycle Assessments (LCAs) conducted for selected optical fiber, optical fiber cable and telecom products did not identify any significant environmental or social impacts under the applied assessment methodology.		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	Current Financial Year 2025-26	Previous Financial Year 2024-25
Bobbins	5.24	5.31
Polypropylene Box	1.32	-
Paper Corrugated Box	0.22	0.25
Overall (Total of above three items)	6.78	5.56

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	810	109	0	388	14	0
E-Waste	0	0	0	0	0	0
Hazardous Waste	0	0	0	0	0	0
Other Waste	171	205	0	107	105	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate Product Category	Reclaimed products and their packaging materials as % total products sold in respective category
Not Applicable	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of Employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
		Permanent Employees									
Male	1,525	1,525	100	1,525	100	0	0	1,525	100	0	0
Female	116	116	100	116	100	116	100	0	0	1	1
Total	1,641	1,641	100	1,641	100	116	7	1,525	93	1	0.1
		Other than Permanent Employees									
Male	487	487	100	487	100	0	0	487	100	0	0
Female	8	8	100	8	100	8	100	0	0	1	13
Total	495	495	100	495	100	8	2	487	98	1	0.2



b. Details of measures for the well-being of Workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	158	158	100	158	100	0	0	158	100	0	0
Female	21	21	100	21	100	21	100	0	0	1	5
Total	179	179	100	179	100	21	12	158	88	1	1
Other than Permanent Workers											
Male	1,018	1,018	100	1,018	100	0	0	1,018	100	0	0
Female	140	140	100	140	100	140	100	0	0	1	1
Total	1,158	1,158	100	1,158	100	140	12	1,018	88	1	0.1

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Cost incurred on well-being measures as a % of total revenue of the Company	0.18%	0.24%

2. Details of retirement benefits, for Current FY and Previous FY

Benefits	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/No/NA)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/No/NA)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	0	6	Yes	0.30	2	Yes

3. Accessibility of Workplaces Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If "Not", then whether any steps are being taken by the entity in this regard.

HFCL has installed accessibility features at several offices and all plant sites. These features include wheelchair access, ramps, Braille signage at entry and exit points and inside lifts, and accessible restrooms with grab rails.

HFCL continues to improve access for employees, workers and visitors with disabilities across its locations.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, please provide the web-link of the policy.

Yes. HFCL is committed to fostering a workplace that upholds equality, respect, and fairness for all, without discrimination on the basis of gender, age, disability, ethnicity, sexual orientation, family status, religious beliefs, or abilities.

HFCL has adopted a Diversity, Equity and Inclusion (DE&I) Policy that serves as its Equal Opportunity Policy and promotes equal access to employment, development, and career progression opportunities without discrimination on the basis of disability, gender, age, ethnicity, sexual orientation, family status, religion, or other personal characteristics. The policy aims to foster an inclusive workplace and integrate equity across all employment processes, including recruitment, training, performance management, and promotions.

The Policy is available on the website at: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e0036b695965871f0529ff_HFCL_EEO_Policy_R2_F_15.03.24.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave for FY 2025-26.

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:

Permanent Workers	Yes
Other than Permanent Workers	HFCL has established multiple grievance redressal mechanisms for permanent workers and employees. The Company promotes open communication and encourages employees and workers to raise concerns through their immediate supervisor, department head, or HR Business Partner. Grievances are addressed through personal discussions and hearings, with efforts made to resolve issues promptly at the operational level.
Permanent Employees	Where a grievance remains unresolved, employees and workers may escalate the matter to higher levels of management, including the Plant Head, Function or Business Head. This structured escalation process enables concerns to be reviewed and addressed at appropriate levels within the organisation.
Other than Permanent Employees	HFCL has also implemented a formal whistleblower mechanism under its Whistle Blower Policy. Employees and workers may confidentially report concerns to the Vigilance Officer, who reviews and investigates complaints and presents the findings to the Audit Committee for appropriate action. The Company's Human Rights Policy further provides channels for reporting human rights-related concerns and protects individuals from retaliation for raising complaints in good faith. In addition, HFCL has constituted Internal Complaints Committees (ICCs) at its workplaces in accordance with its Prevention of Sexual Harassment (POSH) Policy. These committees provide a dedicated mechanism for the timely, confidential, and fair resolution of complaints related to sexual harassment.

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)
Total Permanent Employees	1,641	1	0.06	1,748	1	0.10
Male	1,525	1	0.07	1,634	1	0.10
Female	116	0	0	114	0	0
Total Permanent Workers	179	34	19	162	35	22
Male	158	16	10	142	16	11
Female	21	18	86	20	19	95

8. (a) Details of training given to employees and workers on “Health and Safety Measures”

Category	Current Financial Year 2025-26					Previous Financial Year 2024-25				
	Total (A)	On Health and safety measures		On Skill Upgradation		Total (D)	On Health and safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
	Employees									
Male	2,012	784	39	1,510	75	2,167	665	31	1,008	47
Female	124	64	52	106	85	124	55	44	100	81
Total	2,136	848	40	1,616	76	2,291	720	31	1,108	48
	Workers									
Male	1,176	771	66	453	39	869	248	29	172	20
Female	161	111	69	50	31	71	21	30	7	10
Total	1,337	882	66	503	38	940	269	29	179	19

9. Details of Performance and Career Development reviews of employees and workers:

Category	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	1,525	1,462	96	2,167	1,959	90
Female	116	108	93	124	115	93
Total	1,641	1,570	96	2,291	2,074	91
Workers						
Male	158	156	99	869	691	80
Female	21	21	100	71	63	89
Total	179	177	99	940	754	80

10. Health and Safety Management System:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, then coverage of the system.

Yes. HFCL has implemented an Environmental, Occupational Health and Safety (EHS) Management System aligned with ISO 14001:2015 and ISO 45001:2018 standards. The system covers manufacturing facilities, offices, and operational activities, integrating structured processes for workplace health, safety, risk management, training, emergency preparedness, and continual improvement. HFCL aims to prevent work-related injuries and illnesses and maintain a safe and healthy workplace for employees, workers, contractors, and visitors.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis of the entity?

HFCL has established a collaborative framework involving employees, associates, and contract workers to proactively identify and manage work-related hazards and risks. The Company has implemented the following procedures to strengthen its occupational health and safety practices:

- **Safety Audits:** Both internal and external audits are conducted regularly at all plant locations to identify potential hazards and ensure compliance with safety standards.
- **Hazard Identification and Risk Assessment (HIRA):** A structured process is followed to identify, evaluate, and manage potential hazards and associated risks across all operations and locations.
- **Daily Site Inspections:** Routine visual inspections are carried out to check the use of personal protective equipment, emergency equipment readiness, machine safety, and overall compliance with safety procedures. These inspections help maintain a safe work environment and prevent accidents.

- **Work Permit System:** High-risk tasks are managed through a work permit system that includes hazard assessment, permit issuance, and compliance monitoring to ensure safe execution.
- **Safety Committee Meetings:** Periodic meetings are held to review workplace safety concerns and formulate mitigation strategies.
- **Employee Engagement and Recognition:** HFCL promotes active employee participation in occupational health and safety (OHS) through customised reward and recognition programs. Employees are encouraged to report unsafe acts, unsafe conditions, and near-miss incidents via multiple reporting channels, including email, phone calls, and suggestion boxes. These inputs enable regular and ad hoc hazard identification and risk assessments for routine and non-routine activities, supporting continuous improvement in workplace safety.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)**

Yes, HFCL has established processes that enable employees and workers to report work-related hazards through multiple channels, including supervisors, email, telephone, and suggestion boxes. Reported unsafe acts, unsafe conditions, and near-miss incidents are reviewed through the Incident Investigation and Reporting System and Safety Committee meetings to ensure timely corrective action.

The Company also conducts regular safety awareness and training programmes to strengthen hazard identification, risk assessment, and safe work practices. These processes empower employees and workers to recognise workplace hazards, report concerns, and remove themselves from situations that present an immediate risk to their health and safety.

d. **Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes. At HFCL, all employees and workers are provided with access to both non-occupational and medical healthcare services. The Company has partnered with nearby nursing homes and hospitals to provide medical services at discounted rates. Furthermore, HFCL organises periodic free health check-ups for employees and workers.

11. **Details of safety related incidents, in the following format:**

Safety Incidents/Number	Category	Current Financial Year 2025-26	Previous Financial Year 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
Number of fatalities	Employees	Nil	1*
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

*An unfortunate incident occurred at the Hyderabad Plant, in an area that had been cordoned off for expansion activities.

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace.**

HFCL is committed to maintain Environment, Health, and Safety (EHS) standards that go beyond regulatory compliance, national legislation, and international benchmarks. By adopting global best practices, the Company continuously improve its safety systems and embed a strong safety culture across all operations. Our efforts to ensure a safe and supportive workplace include the following key initiatives:

- **Occupational Health and Safety Management System:** A robust system and policy framework is in place, including mandatory safety inductions and continuous training for all employees and workers.
- **Safety Committee Meetings:** Regular meetings are conducted to review safety concerns, track progress, and design proactive safety initiatives.



- **Emergency Preparedness:** Periodic mock drills are carried out to assess and enhance emergency response capabilities. A 24x7 Occupational Health Centre supported by a dedicated ambulance service is available.
- **Daily Safety Walks:** Routine inspections are undertaken to identify risks and reinforce workplace safety standards.
- **Recognition and Rewards:** Employees and workers are recognised and rewarded for actively identifying and reporting safety hazards.
- **Safety Audits:** Internal and external audits are conducted regularly to identify gaps and implement necessary improvements.
- **Fire Safety Systems:** Firefighting and fire protection equipment is installed and maintained at all sites.
- **Personal Protective Equipment (PPE):** Employees and workers are provided with appropriate PPE based on their roles and risk exposure.
- **Work Permit System:** High-risk tasks are controlled through a formal permit-to-work system to ensure safe execution.
- **Incident and Accident Investigations:** All incidents are thoroughly investigated, and corrective actions are implemented to prevent recurrence.
- **Workforce Engagement:** Workforce is encouraged to actively participate and engage in safety-related discussions and initiatives.
- **Periodic Medical Check-ups:** Regular health screenings are conducted to monitor and promote employee well-being.
- **Daily Safety Communications:** Safety messages and updates are shared daily to reinforce awareness and build a strong safety culture.
- **Regular HSE Training:** Ongoing training sessions are held on health, safety, and environmental topics to ensure the workforce is well-informed and equipped to handle both routine and emergency situations safely.

13. Number of complaints on the following made by employees and workers:

	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Filed during the year	Pending Resolution at end of year	Remarks	Filed during the year	Pending Resolution at end of year	Remarks
Working Conditions	Nil	Nil	The Company has not received any complaints.	Nil	Nil	The Company has not received any complaints.
Health and Safety	Nil	Nil		Nil	Nil	

14. Assessment for the Year (2025-26):

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety Practices	100% HFCL assesses the effectiveness of its occupational health and safety (OHS) practices across its manufacturing facilities through internal audits, independent third-party assessments, and statutory inspections. At the Goa and Hyderabad facilities, an independent third-party auditor evaluates the Occupational Health and Safety Management System (OHSMS) against ISO 45001 requirements, ensuring alignment with internationally recognised occupational health and safety standards.
Working Conditions	The Hyderabad Optical Fiber (OF) plant undergoes annual inspections by the Factories Inspector, Electrical Inspector, and District Fire Officer to verify compliance with applicable health and safety regulations. The Hyderabad OF plant maintained 100% compliance during the reporting period and submitted all statutory reports within the prescribed timelines. At the Hyderabad Optical Fiber Cable (OFC) plant, management conducts regular internal and external audits to assess performance and identify opportunities to strengthen occupational health and safety practices.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risk/concerns arising from assessment of health and safety practices and working conditions.

HFCL's safety assessments did not identify any major non-conformities or significant health and safety risks during the reporting period. Opportunities for improvement identified through internal audits, external assessments, and inspections are addressed through a structured Corrective and Preventive Action (CAPA) process. The Company also investigates near-miss incidents and tracks corrective actions through periodic reviews to verify their effectiveness and prevent recurrence.

Leadership Indicators

1. Does the entity extend any life insurance or compensatory package in the event of death of (A). Employees; and (B). Workers (Yes/No). Provide detail.

Yes. HFCL offers 100% life insurance coverage to all employees and workers through a Group Term Life Insurance (GTLI) policy, which includes benefits such as coverage for accidental death, disability, critical illness, and support for the employee's family.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

HFCL undertakes due diligence before engaging service providers by reviewing their financial standing and compliance track record through financial statement reviews, background checks, and reference verification.

The Company requires service providers to comply with statutory obligations, including maintaining valid Workmen Compensation policies and other insurance coverages, as specified in purchase orders and work contracts.

In addition, service providers operating at HFCL's plant locations in India must submit monthly compliance reports covering statutory employee dues, including provident fund, employee state insurance (ESIC), professional tax, and income tax deductions. The Company reviews these submissions to monitor compliance with applicable labour and statutory requirements.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Qs. 11 of Essential Indicators above), who have been/are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total Number of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	Nil	1	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes. HFCL supports continued employability by providing employees with ongoing skills development, training, and knowledge-building opportunities throughout their tenure. In selected cases, the Company re-engages employees who have attained the age of superannuation in consultant, advisory, or part-time roles based on business requirements and the relevance of their specialised expertise. This helps retain critical knowledge, supports business continuity, and enables experienced employees to remain professionally active.



5. Details on assessment of value chain partners (FY 2025-26):

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	HFCL did not conduct formal audits of value chain partners during FY26. However, the Company requires all value chain partners to comply with established safety protocols and standard operating procedures, including the mandatory use of appropriate personal protective equipment and adherence to safety guidelines.
Working Conditions	HFCL permits work at sites only when partners meet the prescribed safety requirements. Most partner activities are carried out at customer premises under defined operational protocols that support safety and quality. The Company also restricts work during adverse conditions, such as inadequate lighting or severe weather, to reduce operational risks and promote a safe working environment.

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

To the best of HFCL's knowledge, no significant risks or concerns relating to the health and safety practices or working conditions of value chain partners were identified during FY26.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.**Essential Indicators**

1. Describe the process for identifying key stakeholder groups of the entity.

HFCL identifies stakeholders across its value chain based on the extent to which they are impacted by the Company's operations and their ability to influence its business, strategy, and long-term performance. Key stakeholder groups include employees, workers, customers, suppliers, investors, shareholders, government and regulatory authorities, local communities, CSR partners, NGOs, and industry bodies.

The Company prioritises stakeholders by considering the significance of their interests, the Company's actual or potential impact on them, and their relevance to business continuity and sustainable value creation. The nature, frequency, and mode of engagement are determined based on these considerations to ensure meaningful and effective dialogue.

Stakeholder engagement is carried out through multiple formal and informal channels, including employee interactions, customer engagements, supplier meetings, investor communications, community consultations, CSR engagements, surveys, grievance mechanisms, and regulatory interactions. Feedback received through these engagements is reviewed by the relevant functions and considered while identifying material sustainability topics, managing ESG risks and opportunities, strengthening governance practices, and shaping business and sustainability strategies.

The Company's sustainability priorities continue to be guided by its materiality assessment, which was developed through extensive stakeholder consultations and is periodically reviewed to ensure alignment with evolving stakeholder expectations and the changing business environment.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Identified as Vulnerable or Marginalised Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Employees	No	Website, Emails, In-person meetings, Newsletters, Town halls, Employee surveys	Regular	- Employee perspectives, suggestions, and outlook on business expectations - Initiatives for employee engagement and open communication - Human resource development and capacity-building programs - Targeted skill enhancement and upskilling opportunities - Career advancement and professional growth pathways - Health, safety, and well-being initiatives, including safety trainings - Mental health awareness and support programs - Active employee participation in CSR and community initiatives
Workers	No	Website, Emails, In-person meetings, Newsletters, Town halls, Workforce surveys, Meetings with worker representatives	Regular	- Worker feedback and views on workplace conditions and operational expectations - Engagement on day-to-day concerns and welfare initiatives - Training programs focused on skill development and job-specific capabilities - Opportunities for role-based growth and long-term employability - Health and safety awareness - Access to healthcare services and periodic medical check-ups - Mental health sensitisation and support mechanisms - Involvement in site-level CSR and community outreach activities
Suppliers	No	Website, Emails, In-person meetings, Newsletters, Supplier survey	Regular	- Supplier feedback on procurement practices, expectations, and timelines - Compliance with applicable laws, regulations, and published standards - Adherence to environmental practices and sustainability requirements - Product-related quality, safety, and performance expectations - Alignment with HFCL's ethical sourcing and responsible procurement standards - Engagement on new initiatives undertaken for suppliers



Stakeholder Group	Identified as Vulnerable or Marginalised Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Customers (Distributors, Wholesalers, & Retailers)	No	Website, Newsletters, Partner Portal, Customer Service Portal, Emails, SMS	Regular	- Product-related concerns, including quality, packaging, and delivery - Educational engagement and product training sessions - Updates on new product offerings
Communities	Yes	Our CSR approach emphasises continuous engagement with project partners, local stakeholders, and community leaders across all implementation areas. Through regular site visits, phone conversations, and awareness sessions, we gather feedback on community needs, expectations, aspirations, concerns, and suggestions. These insights help us strengthen program effectiveness and ensure our interventions deliver meaningful and sustainable impact.	Regular	- Understanding community needs, expectations, and aspirations - Identifying gaps in project design, accessibility, and service delivery - Addressing concerns related to resource adequacy and beneficiary coverage - Discussing requests for service expansion and improving site accessibility - Reviewing complaints, suggestions, and feedback to drive continuous improvement
NGOs	No	The communication channels and engagement mechanisms are clearly defined in the MoUs executed with each project partner. These generally include email communication, telephone interactions, virtual meetings, and periodic review discussions, as required.	Regular	- Discussion of project implementation issues, challenges, and concerns - Review of the effectiveness and impact of ongoing project interventions - Sharing feedback and suggestions to optimise resource use and increase beneficiary coverage
Investors and Shareholders	No	Investor meetings, conference calls, emails, press releases, newsletters, stock exchange announcements, websites, annual reports and annual general meetings.	Regular	- Updates on business and financial performance - Communication on the Company's strategy, growth levers, and potential opportunities and risks - Disclosure of material events that may impact Company performance. - Information on ESG goals, initiatives, and progress

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

HFCL engages with its stakeholders through various formal and informal mechanisms, including customer interactions, employee engagement platforms, supplier meetings, investor communications, community consultations, grievance redressal mechanisms, and regulatory interactions. These engagements enable the Company to understand stakeholder expectations and emerging economic, environmental, and social matters relevant to its business.

Stakeholder feedback is reviewed by the respective business units and functional heads, who assess the significance of the issues and implement appropriate actions at the operational level. Matters requiring strategic oversight, including significant ESG risks, stakeholder concerns, and policy-related issues, are escalated to the relevant management forums and Board committees for review.

The Board committees periodically review key stakeholder feedback, assessment, and recommended actions within their respective areas of oversight. Material matters are presented to the Board to support informed decision-making on business strategy, risk management, sustainability priorities, and governance matters. In addition, stakeholder input is considered during periodic materiality assessments to ensure that the Company's ESG priorities remain aligned with stakeholder expectations and the evolving business environment.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topic? (Yes/No) If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes.

Stakeholder consultation forms an integral part of HFCL's sustainability governance framework and supports the identification, assessment, and management of material environmental and social topics. As part of its materiality assessment, the Company engages with key internal and external stakeholders, including employees, workers, customers, suppliers, and NGO/CSR partners, to understand their perspectives, expectations, and emerging sustainability concerns.

The feedback received through these consultations is evaluated alongside the Company's business priorities, operational context, and risk considerations to identify and prioritise material ESG topics. The outcomes of the assessment guide the development of the Company's sustainability strategy, policies, focus areas, and ESG initiatives, ensuring that they remain responsive to stakeholder expectations and aligned with the Company's long-term business objectives. The material topics are reviewed periodically to reflect evolving stakeholder expectations and the changing business environment.

3. Provide detail of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

HFCL engages with vulnerable and marginalised stakeholder groups through structured consultations, community needs assessments, beneficiary feedback, employee interactions, and engagement with implementation partners. These engagements help the Company identify the concerns and developmental needs of underserved communities, including women, children, senior citizens, persons with disabilities, economically weaker sections, and rural communities, and integrate these insights into its CSR and sustainability initiatives.

During the reporting period, key concerns identified included access to quality healthcare, education and digital literacy, livelihood enhancement, elderly care, environmental sustainability, disaster preparedness, and community infrastructure. HFCL implemented targeted interventions in response to each of these concerns.

In healthcare, HFCL operated preventive healthcare programmes across five locations, Solan (Himachal Pradesh), Goa, and Sardarshahar (Rajasthan) in partnership with HelpAge India, and Ghazipur (Uttar Pradesh) and Hyderabad (Telangana) in partnership with the Wockhardt Foundation, through five Mobile Medical Units (MMUs). Each unit was staffed by an MBBS doctor, a laboratory technician, a pharmacist, a driver-cum-mobiliser, and a Social Protection Officer (SPO), together delivering primary healthcare services to more than 500 underprivileged beneficiaries daily.



Community mobilisation and stakeholder engagement were carried out through awareness campaigns, Nukkar Natak (street theatre), health camps, household outreach, and pamphlet distribution, led by the SPO, ensuring continuous two-way engagement that enabled healthcare interventions to be tailored to community needs.

The Company also partnered with the All India Heart Foundation a charitable arm of National Heart Institute, New Delhi to facilitate life-saving cardiac surgeries for underprivileged patients, and with the St. Stephen's Hospital Patients Welfare Society, New Delhi to support corrective surgeries for polio-related deformities, clubfoot, and congenital musculoskeletal abnormalities, addressing critical healthcare needs of vulnerable sections of society.

Recognising education as a key lever against intergenerational disadvantage, HFCL engaged with communities during the reporting period to strengthen access to learning for children and youth from marginalised backgrounds. Through Balwantrai Vidya Bhavan, New Delhi, the Company fully sponsored the education of children with developmental and intellectual disabilities, supported by dedicated transportation, experiential learning infrastructure, and smart classrooms tailored to their needs. In partnership with the Hari Prem Society, HFCL established digital learning centres in rural Ghazipur, Uttar Pradesh, to build computer literacy among economically disadvantaged youth and expand their access to livelihood opportunities.

Beyond healthcare and education, HFCL engaged with communities during the reporting period on concerns relating to environmental sustainability, inclusive development, disaster preparedness, and elderly welfare. Through Project KARUNA, the Company addressed these concerns via a multi-dimensional initiative spanning environmental sustainability; educational and sports scholarships for talented individuals with limited financial means; rural and slum area development to reduce inequality, hunger, poverty, and malnutrition. Recognising the specific vulnerabilities of senior citizens lacking family or financial support, HFCL's AMRITAM Old Age Home initiative, under Project KARUNA, supported the construction of a dedicated facility which will provide safe, dignified residential care for elderly beneficiaries from economically disadvantaged backgrounds.

In partnership with the Jain Swetamber Terapanthi Sabha, Delhi, HFCL supported the development of community infrastructure to strengthen access to education and also responded to community concerns around preventive health, through initiatives that promoted Yoga and Pranayama among vulnerable communities to encourage physical fitness and mental well-being.

The effectiveness of these initiatives is periodically assessed through field visits, implementation partner reports, beneficiary feedback, and regular monitoring mechanisms. Insights gathered are used to strengthen programme design, enhance stakeholder engagement, and maximise the social impact of the Company's CSR initiatives.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Permanent	1,641	1,641	100	1,748	1,640	94
Other than permanent	495	258	52	543	218	40
Total Employees	2,136	1,899	89	2,291	1,858	81
Workers						
Permanent	179	179	100	162	131	81
Other than permanent	1,158	947	82	778	455	58
Total Workers	1,337	1,126	84	940	586	62

2. Details of minimum wages paid to employees and workers, in the following format:

Category	Current Financial Year 2025-26					Previous Financial Year 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
Employees										
Permanent	1,641	581	35	1,060	65	1,748	13	1	1,735	99
Male	1,525	541	35	984	65	1,634	11	1	1,623	99
Female	116	40	34	76	66	114	2	2	112	98
Other than Permanent	495	379	77	116	23	543	178	33	365	67
Male	487	373	77	114	23	533	171	32	362	68
Female	8	6	75	2	25	10	7	70	3	30
Workers										
Permanent	179	167	93	12	7	162	12	7	150	93
Male	158	146	92	12	8	142	8	6	134	94
Female	21	21	100	0	0	20	4	20	16	80
Other than Permanent	1,158	1,157	99.9	1	0.1	778	454	58	324	42
Male	1,018	1,017	99.9	1	0.1	727	405	56	322	44
Female	140	140	100	0	0	51	49	96	2	4

Note: Following the implementation of the new Labour Codes, the number of employees classified under the "More than Minimum Wage" band has decreased in FY26 compared to FY25. However, HFCL ensures that all employees and workers receive wages equal to or higher than the applicable statutory minimum wages.

3. Details of remuneration/salary/wages, in the following format for FY 2025-26:

a. Median remuneration/wages:

	Male		Female	
	Number	Median salary/ wage of respective category	Number	Median salary/ wage of respective category
Board of Directors (BoD) *	4	15,00,000 **	1	15,75,000 **
Key Managerial Personnel (KMP) ***	3	4,77,17,746	0	-
Employees other than BoD and KMP	1,522	10,26,076	116	10,91,215
Workers	158	5,87,590	21	3,27,948

*Excluding Managing Director who has been included in Key Managerial Personnel category.

**The payment of sitting fees only made to non-executive directors of the Company including independent directors for attending the meetings of the Board and its various Committees, during the year under review, have been considered.

***Key Managerial personnel comprise of Mr. Mahendra Nahata, Managing Director, Mr. Vijay Raj Jain, Chief Financial Officer and Mr. Manoj Baid, President & Company Secretary.

b. entity, in the following format:

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Gross wages paid to females as % of total wages	5.8%	4.6%



4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

HFCL has established formal mechanisms to address human rights-related concerns arising from, or contributed to by, its business activities. The Company has a Human Rights Policy that outlines its commitment to respecting and protecting human rights across its operations and value chain. The Board of Directors has adopted a Whistle-Blower Policy to promote ethical conduct and accountability. The policy allows directors and employees to report unethical conduct, unlawful activities, questionable practices, and suspected breaches of the Codes of Conduct.

The policy operates as HFCL's formal Vigil Mechanism. It provides employees and their representatives with a secure channel to report misconduct, including human rights-related concerns, without fear of retaliation.

HFCL has also constituted Internal Complaints Committees at each workplace under the Sexual Harassment of Women at Workplace Act, 2013. These committees receive, investigate, and address complaints concerning workplace sexual harassment within the prescribed process and timelines.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HFCL has established policies, including the Human Rights Policy, Code of Conduct, Whistle-Blower Policy, Grievance Redressal Policy, Equal Employment Opportunity Policy, and POSH Policy, to uphold human rights and comply with applicable labour regulations. Employees and workers can raise grievances through the Whistle-Blower mechanism. Reported concerns are reviewed by the designated Vigilance Officer, who conducts a fair and impartial investigation and submits the findings to the Audit Committee for review and appropriate action. The grievance redressal process is managed with due regard to confidentiality, transparency, and fairness.

6. Number of complaints on the following made by employees and workers:

	Current Financial Year 2025-26			Previous Financial Year 2024-25		
	Filed during the year	Pending resolution at end of year	Remarks	Filed during the year	Pending resolution at end of year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in the following format:

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Total complaints reported under Sexual Harassment on Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees/workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

HFCL ensures that all complaints related to discrimination and harassment are handled with fairness, sensitivity, and strict adherence to due process. Its Human Rights Policy prohibits retaliation against individuals who report concerns in good faith and provides for disciplinary action against retaliatory conduct. Members of the Internal Complaints Committee (ICC) are equipped with the necessary expertise and experience to manage such cases effectively, in accordance with the POSH Policy, Whistle Blower Policy, and the Company's grievance redressal mechanism. Upholding the Principle of Natural Justice is fundamental to the functioning of the ICC, ensuring that every complainant is treated with respect and impartiality. Under the Whistle Blower Policy, the Company provides enhanced protection to complainants to safeguard them from any form of retaliation or adverse impact on their employment. These measures reflect HFCL's commitment to creating a safe and equitable work environment where individuals can raise concerns without fear of victimisation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes.

HFCL incorporates labour and human rights-related requirements into its business agreements and contracts. Agreements include clauses requiring contracting parties to comply with applicable labour laws.

HFCL also requires service vendors to provide relevant certifications and evidence of statutory labour compliance as a condition of engagement. These contractual requirements help HFCL communicate its expectations to business partners and monitor compliance within its value chain.

10. Assessments for the year FY 2025-26:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	
Forced/Involuntary Labour	
Sexual harassment	
Discrimination at workplace	100 [#]
Wages	
Others- please specify	

[#]100% of plants and offices were assessed internally for human rights compliance. An external Human Rights Due Diligence (HRDD) is scheduled for FY26.

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Qs. 10, above.

Not applicable. The assessments referenced in Question 10 did not identify any significant human rights risks or concerns during the reporting period.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

HFCL did not receive any human rights-related grievances or complaints during FY26. Accordingly, no business processes were modified or introduced during the reporting period. The Company continues to implement its established policies and grievance redressal mechanisms to safeguard human rights and ensure a safe, inclusive, and respectful workplace for all employees and stakeholder.

2. Details of the scope and coverage of any Human Rights due diligence conducted.

HFCL has appointed an independent third-party consulting firm to conduct a Human Rights Due Diligence (HRDD) assessment across its manufacturing plants and corporate office. The assessment is in progress and is expected to be completed by end of September 2026. The findings will be reviewed to identify potential risks and opportunities for improvement.



3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

HFCL is committed to providing an accessible and inclusive environment for differently abled individuals. Wheelchairs and ramps are available at several office locations and all manufacturing plants. The Company is progressively enhancing accessibility across its remaining premises by introducing appropriate infrastructure and facilities. Braille signage has been installed at entry and exit points and in elevators, while most facilities are equipped with dedicated accessible restrooms featuring support handrails for the convenience of differently abled visitors.

4. Details on assessment of Value Chain Partners:

	% of value chain partners (by value of business done with such partners) that were assessed:
Child Labour	Nil
Forced/Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others- please specify	

HFCL is in process of conducting audits of its suppliers (raw material suppliers and manpower service providers) under the Responsible Business Alliance (RBA) framework. These audits will cover key aspects, including environmental management, health & safety, legal compliance, and business ethics.

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessment at Qs. 4 above.

No corrective actions were required.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in GJ) and energy intensity, in the following format:

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
From 'Renewable Sources'		
Total Electricity Consumption (A)	11,636	0
Total Fuel Consumption (B)	0	0
Energy consumption through Other Sources (C)	0	0
Total Energy Consumption from renewable sources (A+B+C)	11,636	0
From 'Non-Renewable Sources'		
Total Electricity Consumption (D)	1,63,464	98,255
Total Fuel Consumption (E)	4,387	3,503
Energy consumption through Other Sources (F)	0	0
Total Energy Consumption from non-renewable sources (D+E+F)	167,851	101,758
Total Energy Consumed (A+B+C+D+E+F)	179,487	101,758
Energy intensity per rupee of turnover (GJ/INR) (Total energy consumption/Revenue from operations)	0.0000040	0.0000027

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (GJ/USD) * (Total energy consumed/Revenue from operations adjusted for PPP)	0.000081	0.000055
Energy intensity in terms of physical output [#] (Energy consumed GJ/Total Workforce)	51.68	31.49

*The PPP factor has been sourced from the IMF database: <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>.

[#]HFCL Limited operates across multiple product categories and business segments with diverse output characteristics. Accordingly, environmental intensity has been reported based on the total workforce (employees and workers), as a physical output-based denominator was not considered practicable.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

- Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Yes/No) If yes, disclose whether targets set under the PAT Scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable as none of our sites come under PAT Scheme as Designated Consumers (DCs).

- Provide details of the following disclosures related to water, in the following format:

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Water withdrawal by source (in kilolitres- kL)		
(i) Surface Water	24,840	-
(ii) Groundwater	87,420	106,921
(iii) Third Party Water	55,949	58,559
(iv) Seawater/Desalinated water	-	-
(v) Others (Please specify)	1,406	322
Total Volume of water withdrawal (in kL)* (i + ii + iii + iv + v)	169,615	165,802
Total volume of water consumption (in kL)	134,474	127,444
Water intensity per rupee of turnover (kL/INR) (water consumed/Revenue from operations)	0.0000030	0.0000034
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (kL/USD) (Total water consumption/Revenue from operations adjusted for PPP)	0.000060	0.000069
Water intensity in terms of physical output[#] (Water consumed in kL per Total workforce)	38.72	39.44

*For the FY25 and FY26, water withdrawal at administrative offices has been estimated using the apportionment method, based on per capita water withdrawal figures from the following office locations: UP - Lucknow, West Bengal - Kolkata, Punjab - Ferozepur, UP - Chandauli, Haryana - Gurugram, Delhi - GK-II, VIIPS & Okhla, Karnataka - Bangalore

[#]HFCL Limited operates across multiple product categories and business segments with diverse output characteristics. Accordingly, environmental intensity has been reported based on the total workforce (employees and workers), as a physical output-based denominator was not considered practicable.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.



4. Provide the following details related to water discharge:

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Water discharge by destination and level of treatment (in kilo-litres)		
(i) To Surface Water		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(ii) To Ground Water		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(iv) Sent to Third Parties		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(v) Others		
- No treatment*	35,141	38,358
- With treatment- please specify level of treatment	-	-
Total water discharged (in kilo-litres)	35,141	38,358

Notes:

HFCL manufacturing facilities have implemented Zero Liquid Discharge (ZLD) through the installation of Sewage Treatment Plants (STPs) and Effluent Treatment Plants (ETPs), utilising preliminary, primary, secondary, and tertiary treatment processes to effectively remove contaminants. Treated wastewater is reused on-site for gardening and washroom purposes, where applicable. In addition to this, the sludge generated is treated to meet microbial standards and disposed of in a scientifically responsible and regulatory-compliant manner.

*Water discharge for both financial years has been estimated based on the Central Pollution Control Board (CPCB) guideline, which assumes that 80% of the water supplied for domestic purposes is discharged as wastewater for few office locations. Source: <https://cpcb.gov.in/openpdf.php?id=UmVwb3J0RmlsZXNvMjlfMTQ1ODExMDk5MI9OZXJdGVTXzE5NV9TVFBfUkVQT1JULnBkZg&utm>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

5. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD)? If yes, provide details of its coverage and implementation.

Yes, HFCL has implemented Zero Liquid Discharge (ZLD) systems across all its manufacturing facilities. Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs) ensure that wastewater is treated and that no untreated effluent is discharged from any site. The treated water is recycled and reused for non-potable applications, including gardening and sanitation, supporting the Company's commitment to responsible water management and environmental sustainability.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	Current Financial Year 2025-26	Previous Financial Year 2024-25
NOx	Tons/year	0.63	0.06
SOx	Tons/year	0.56	0.56
Particulate Matter (PM)	Tons/year	0.10	0.02
Persistent organic pollutant (POP)		Not applicable	
Volatile organic compounds (VOC)			
Hazardous air pollutant (HAP)			
Others - ODS			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

7. Please provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Please specify unit	Current Financial Year 2025-26	Previous Financial Year 2024-25
Total Scope 1 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	4,738	3,572
Total Scope 2 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	34,405	19,842
Total Scope 1 and Scope 2 emissions per revenue from operations	MTCO ₂ e/INR	0.00000086	0.00000062
Total Scope 1 and Scope 2 emissions per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 & 2 emissions/Revenue from operations adjusted for PPP)	MTCO ₂ e/USD	0.000018	0.000013
Total Scope 1 and Scope 2 emission intensity in terms of physical output [#] (Total Scope 1 & 2 emissions/Total Workforce)	MTCO ₂ e/total workforce	11.27	7.25

[#]HFCL Limited operated across multiple product categories and business segments with diverse output characteristics. Accordingly, environmental intensity has been reported based on the total workforce (employees and workers), as a physical output-based denominator was not considered practicable.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

8. Does the entity have any project related to reducing Greenhouse gas emissions? If Yes, then provide details.

HFCL is committed to environmental protection and actively works to reduce the carbon footprint of its operations through a range of energy efficiency initiatives and sustainable technologies. The Company has implemented various measures aimed at lowering its Greenhouse Gas (GHG) emissions across product manufacturing, packaging/storage, and transportation. Some of the key initiatives include:

- **Energy-efficient lighting:** All HFCL plants are equipped with LED luminaires to reduce energy consumption. The office building for the Optical Fiber Plant is designed with a double-layer glass facade to minimise light and cooling requirements. At Goa Plant, the transition from UV to LED resulted in saving 7 lakh units of electricity.
- **Emission Reduction:** The Company has implemented energy efficiency initiatives including LED lighting, renewable energy (1 MW rooftop solar project), and process optimisation to reduce GHG emissions.
- **Reduction in Diesel Consumption:** At HFCL Goa and Hyderabad, all diesel-operated forklifts have been replaced with electric (EV) forklifts. This transition has reduced diesel consumption by approximately 1,270 litres per month (790 litres at Goa and 480 litres at Hyderabad), contributing to lower greenhouse gas emissions, reduced operating costs, and improved environmental performance.
- **Digital Flow Meter Upgrade:** Upgraded manual flowmeters of nitrogen to digital automatic flow meters at HFCL Goa Plant which has resulted in precision accounting of consumptions with improved product quality resulting in saving of 165 units/day with annual savings of approximate of 59586 units.
- **Optimised cooling systems:** Humidifiers are designed with high-efficiency Humifog systems, and cooling tower fans and pumps are controlled by temperature controllers to conserve energy.
- **Energy-efficient air systems:** All air handling units are equipped with high-efficiency DIDW fans with VFD drives to optimise energy consumption.
- **Energy-efficient utilities:** The entire utility system is monitored and controlled through a Smart BMS (Building Management System) for real-time monitoring of critical parameters and optimal energy use.
- **Material and transportation optimisation:** HFCL has reduced the cable diameter and thickness in product development to lower material consumption and saved transportation fuel by accommodating more lengths of optical fiber cables in the same vehicle/container.



- **Energy-efficient products:** The Company's next generation energy efficient solutions include wireless point-to-point connectivity solutions and 5G wireless radio products, such as indoor and outdoor FWA CPE products covering both Sub 6 GHz and mmWave. In addition, the portfolio includes Access Routers/Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers for backhauling of 5G traffic.
- **Green Power Consumption:** At HFCL Hosur plant, 72% of the grid electricity was from renewable sources.

9. Provide details related to waste management by the entity, in the following format:

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Total Waste Generated (in metric Tonnes)		
Plastic Waste (A)	672	521
E-Waste (B)	0	0.10
Bio-medical Waste (C)	0	0
Construction and Demolition Waste (C&D) (D)	30	253
Battery Waste (E)	0	0.14
Radioactive Waste (F)	0	0
Other Hazardous Waste generated (G) (Please specify, if any)	307	70
Other Non-Hazardous Waste generated (H) (Please specify, if any)	875	533
Total Waste Generated* (A+B+C+D+E+F+G+H)	1,884	1,377
Waste intensity per revenue from operations (MT/INR) (Total waste generated/Revenue from operations)	0.00000004	0.00000004
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (MT/USD) (Total waste generated/Revenue from operations adjusted for PPP)	0.00000085	0.00000075
Waste intensity in terms of physical output (Waste generated in MT per Total Workforce)[#]	0.54	0.43
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category Waste		
(i) Recycled	1,768	1,008
(ii) Re-used	0	0
(iii) Other recovery operations	32	78
Total	1,800	1,086
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category Waste		
(i) Incineration	5	2
(ii) Landfilling	80	293
(iii) Other disposal operations	0	0
Total	85	295

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

*For the FY25 and FY26, waste generation at offices has been estimated using the apportionment method, based on per capita waste generation figures from the following office locations: Haryana Office - Plot no. 229, Delhi - GK-II, VIIPS & Okhla, Karnataka Office- Bangalore.

[#]During FY26, HFCL Limited operated across multiple product categories and business segments with diverse output characteristics. Accordingly, environmental intensity has been reported based on the total workforce (employees and workers), as a physical output-based denominator was not considered practicable.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HFCL has implemented a comprehensive waste management plan across all its operational locations, reflecting its commitment to environmental responsibility and circularity. Waste is systematically categorised and segregated at the source to ensure efficient handling and processing. Hazardous waste is collected, transported, and disposed of through Central Pollution Control Board (CPCB)-authorised vendors in strict compliance with regulatory norms. Non-hazardous waste is either recycled, reused within operations where feasible, or processed through authorised external agencies using environmentally appropriate mechanisms.

HFCL also prioritises the reduction of hazardous and toxic substances in its products and processes. All raw materials used in the manufacturing of Optical Fiber and Optical Fiber Cables are fully compliant with Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. The Company has proactively upgraded its RoHS compliance in alignment with Directive 2015/863 (EU), which includes four additional restricted substances. Furthermore, HFCL ensures that none of its materials contain substances listed in the Candidate List of Substances of Very High Concern (SVHC), as published by ECHA on 07, January, 2023.

To further reduce environmental impact, HFCL has shifted towards sustainable product design by significantly minimising the use of petroleum-based jelly compounds. Approximately 90% of its cable designs now incorporate dry core construction and dry water-blocking materials, promoting cleaner manufacturing and safer handling. Through these integrated waste management and chemical reduction strategies, HFCL continues to advance its sustainability agenda while ensuring compliance with evolving global environmental standards.

11. If the entity has operations/offices in & around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Yes/No) If "No", the reasons thereof and corrective action taken, if any.
Not Applicable as none of our sites are in ecologically sensitive areas.			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year 2025-26:

Name and brief of the project	EIA Notification No.	Date	Whether conducted by independent agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web-link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Yes/No). If "Not", provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/guidelines which is not compliant	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control board or by courts	Corrective action taken, if any
The Company's operations and offices are fully compliant with all applicable environmental regulations in the Country. Activities are conducted in strict adherence to the conditions specified in the Consent to Operate (CTO) granted by the Central and State Pollution Control Boards. There have been no reported instances of non-compliance from any regulatory authority.				



Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of 'Water Stress' (in kilo litres):

For each facility/plant located in areas of water stress, provide the following information:

i. Name of area:

Haryana Offices: (Building No. 28, Sector 32, Gurugram; Building No. 38, Sector 32, Gurugram; Plot No. 229, Udyog Vihar Phase 1, Sector 20, Gurugram), HFCL Corporate Office Delhi (8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi), Jharkhand Office - Ranchi, Punjab Offices - Ferozepur, Ludhiana, Amritsar, Hoshiarpur, Jalandhar, Bhatinda, Patiala, UP Office - Lucknow, Rajasthan Office- Jaipur, Karnataka Office - Bangalore.

ii. Nature of operations: Office Locations

iii. Water withdrawal, consumption, and discharge in the following format:

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Water withdrawal by source (in kilo litres)		
(i) Surface Water	0	0
(ii) Ground Water	0	0
(iii) Third Party Water	37,680	39,168
(iv) Seawater/Desalinated Water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kL)	37,680	39,168
Total volume of water consumption (in kL)	7,536	7,834
Water intensity per rupee of turnover (kL/₹) (Water consumed/Turnover)	0.00000017	0.00000021
Water discharge by destination and level of treatment (in Kilo litres)		
(i) To Surface Water		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(ii) To Ground Water		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(iii) Sent to Third Party Water		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(iv) Into Seawater		
- No treatment	-	-
- With treatment- please specify level of treatment	-	-
(v) Others		
- No treatment*	30,144	31,334
- With treatment- please specify level of treatment	-	-
Total water discharged. (kL)	30,144	31,334

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Yes. The disclosures were subject to reasonable assurance by Bureau Veritas, an independent external assurance provider.

*Water discharge for both financial years has been estimated based on the Central Pollution Control Board (CPCB) guideline, which assumes that 80% of the water supplied for domestic purposes is discharged as wastewater for few office locations. Source: <https://cpcb.gov.in/openpdf?file.php?id=UmVwb3J0RmlsZXNvMjlfMTQ1ODExMDk5MI9OZXddJdGVtXzE5NV9TVFBfUkVQT1JULnBkZg&utm>

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Please specify unit	Financial Year 2025-26*	Previous Financial Year 2024-25*
Total Scope 3 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	-	-
Total Scope 3 emissions per rupee of turnover	MTCO ₂ e/INR	-	-
Total Scope 3 emission intensity (optional)- the relevant metric may be selected by the entity	MTCO ₂ e/USD	-	-

*The Company is in the process of expanding its Scope 3 greenhouse gas emissions accounting from a standalone entity basis to a group-level basis by including its subsidiaries for FY26. The consolidated Scope 3 emissions data at the group level will be disclosed in due course.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

Not Applicable

3. With respect to the ecologically sensitive areas reported in Qs. 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No. FY 2025-26	Initiative undertaken in	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
1.	Renewable Energy Implementation	HFCL has installed a 1 MWp rooftop solar power system at its Hyderabad facility during the FY26. This initiative is expected to generate approximately 1.5 million units of clean energy annually, resulting in a reduction of carbon emissions by up to 1,215 metric tons per year and achieving cost savings of approximately INR 10.5 million.	Reduction in grid electricity consumption, lower carbon emissions, increased renewable energy share, and annual energy cost savings.
2.	Zero Liquid Discharge Certification	The Hyderabad OF Plant has obtained Zero Liquid Discharge (ZLD) certification during FY26, reinforcing its commitment to sustainable water management and environmental stewardship.	Enhanced water conservation through maximum reuse of treated water, elimination of liquid discharge, and improved environmental compliance.
3.	Sustainability Certification Goals	HFCL's Goa and Hyderabad facilities have achieved Zero Waste to Landfill (ZWTL) certification.	Increased waste recycling and resource recovery, significant reduction in landfill disposal, and strengthened circular economy practices.
4.	Adoption of LED Technology	The Hyderabad OF Plant has implemented horizontal deployment of LED lighting systems in the new phase of its optical fiber facility. This transition from conventional microwave-based systems is projected to reduce carbon emissions by an estimated 5,022 metric tons annually.	Reduced electricity consumption, lower greenhouse gas emissions, improved lighting efficiency, and reduced maintenance costs.
5.	Green Corridor Development	Continued efforts to preserve local biodiversity through the maintenance of a 10,200 square meter green corridor within the TSIC Industrial Area, contributing to ecological balance and enhancing the industrial ecosystem.	Improved green cover and biodiversity, enhanced ecological balance, better ambient environment, and contribution to carbon sequestration.



S. No.	Initiative undertaken in FY 2025-26	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
6.	Reduction in diesel consumption	In FY26, HFCL continued its transition from diesel-operated to electric (EV) forklifts to reduce fuel consumption and associated greenhouse gas emissions. At the Hyderabad OFC Plant, two fuel-operated forklifts were replaced with electric (EV) forklifts, contributing to reduced fuel consumption and associated greenhouse gas emissions. At HFCL Goa, all diesel-operated forklifts have been replaced with electric (EV) forklifts.	Approximately 5,760 litres of diesel saved annually at the Hyderabad OFC Plant. Approximately 9,480 litres of diesel saved annually at the Goa OFC Plant. Combined annual diesel savings: approximately 15,240 litres.
7.	Upgradation of manual nitrogen flow meters to digital automatic flow meters at Goa Plant	Replaced manual nitrogen flow meters with digital automatic flow meters across colouring lines to enable accurate measurement and monitoring of nitrogen consumption. The initiative has improved process control, optimised nitrogen usage, and enhanced product quality through precise flow management. The total investment for the initiative was approximately INR 23.40 lakh.	The initiative resulted in an estimated electricity saving of 165 kWh per day, translating to approximately 59,586 kWh of annual electricity savings, while also improving process efficiency and product quality through accurate nitrogen consumption monitoring.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link.

HFCL maintains a Business Continuity and Disaster Management Plan to strengthen operational resilience and prepare for unforeseen disruptions. The Goa plant holds ISO 22301:2019 certification, demonstrating alignment with the standard's requirements for business continuity management.

The Company has established Standard Operating Procedures covering business continuity, disaster recovery, and emergency response. These procedures aim to protect personnel and assets, maintain critical operations, and reduce operational downtime during disruptive events.

HFCL conducts periodic training, awareness sessions, drills, and mock exercises for relevant teams. The Company uses these exercises to test response arrangements, assess plan effectiveness, and identify required improvements.

These measures support HFCL's ability to respond to disruptions and maintain essential operations.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

HFCL engages with vendors that are expected to meet the Company's environmental, social, and governance requirements. During FY26, HFCL did not identify any significant adverse environmental impacts arising from its value chain.

As no significant adverse impacts were identified, HFCL did not undertake any specific mitigation or adaptation measures during the reporting period.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

8. How many "Green Credits" have been generated or procured:

a. By the listed entity.

b. By the top ten (in terms of the value of purchases and sales, respectively) value chain partners.

During FY26, HFCL neither generated nor purchased any Green Credits. Information on Green Credits generated or procured by the top ten value chain partners, identified by purchase and sales value, was unavailable to the Company during the reporting period.

HFCL plans to establish a process for collecting and maintaining Green Credit information from relevant value chain partners.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. (a) Number of affiliations with trade and industry chambers/associations.

10

- (b) List the top 10 trade and industry chambers/associations (determined based on the total numbers of such body) the entity is member of/affiliated to.

S. No.	Name the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	The Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
2.	Federation of Indian Chamber of Commerce and Industry (FICCI)	National
3.	Confederation of Indian Industry (CII)	National
4.	Telecom Equipment Manufacturers Association of India	National
5.	Telecom Equipment and Services Export Promotion Council	National
6.	Voice of Indian Communication Technology New Delhi	National
7.	Telecom Standards Development Society, India (TSDSI)	National
8.	Bharat 6G Alliance	National
9.	PHD Chamber of Commerce & Industry (PHD)	National
10.	Goa Chamber of Commerce and Industry and Verna Industrial Association	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the Case	Corrective action taken
During the reporting year FY26, there were no reported cases of anti-competitive behaviour, therefore, no corrective measures have been required.		
HFCL is the only Indian optical fiber cable manufacturer exempted from the anti-dumping duties imposed by the European Commission on OFC exports from India. Following its investigation, the European Commission concluded that HFCL and its subsidiary, HTL, had not engaged in dumping practices in the European market. While a definitive countervailing duty of 8.1% was imposed on the HFCL Group under Regulation (EU) 2025/1135 dated 10 June 2025, the related investigation pertained to subsidies provided by Indian government.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/No)	Frequency of Review by Board	Web-link, if available
HFCL actively contributes to industry development and public policy dialogue through its engagement with recognised industry associations, standards bodies, technology alliances, and government consultations. During FY26, the Company participated in forums such as TSDSI and the Bharat 6G Alliance, collaborating with stakeholders across the telecom value chain to support the formulation of standards, technology roadmaps, and innovation-led solutions.					
Additionally, the Department of Telecommunications (DoT), through its Steering Committee on Circular Economy in the Telecom Sector, sought inputs from industry stakeholders on how they could support and contribute to the identified action points relating to e-waste management, resource recovery, sustainable/green procurement, extended producer responsibility, and related circularity measures. HFCL, as an industry corporate member, responded to this consultation by sharing its perspectives and indicative areas of potential support on the relevant action points.					
These engagements enable HFCL to advocate for sustainable, secure, and inclusive digital infrastructure while contributing to the advancement of next-generation telecommunications technologies. The Company's involvement in areas such as AI-driven network optimisation, energy-efficient radio access technologies, Open RAN, 5G/6G innovation, and circular economy practices reflects its commitment to responsible technological progress and long-term value creation for the industry and society.					

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.****Essential Indicators**

1. Details of Social Impact Assessments (SIA) projects undertaken by the entity based on applicable laws, in the current financial year 2025-26:

Name and brief detail of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web-link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR.)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

HFCL integrates community grievance redressal into its CSR implementation process. Under the relevant Memorandum of Understanding (MoU), CSR project partners address community concerns through their established grievance procedures. Designated Social Protection Officers and Project Coordinators support project delivery and coordinate the timely resolution of reported concerns.

HFCL engages with local communities through telephone communication and site visits, including direct discussions with community leaders and beneficiaries. The Company forwards feedback, grievances, and suggestions to the relevant project partner for review and action.

After resolving a grievance, the project partner submits a report to HFCL describing the concern, action taken, preventive measures introduced, and resolution outcome.

4. Percentage of input material (input to total inputs by value) sourced from suppliers:

	Current Financial Year 2025-26	Previous Financial Year 2024-25
Directly sourced from MSMEs/Small producers	17	16
Directly from within India	61	50

5. Job creation in smaller towns: Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of the total wage cost:

Location	Current Financial Year 2025-26	Previous Financial Year 2024-25
Rural	0.5	0.8
Semi-Urban	3.8	6.2
Urban	21.9	29.6
Metropolitan	73.8	63.4

Note: Place categorised as per RBI Classification System- rural/semi-urban/urban/metropolitan

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference Qs. 1 of Essential Indicators, above).

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (in INR.)
HFCL does not currently have any projects running in Aspirational Districts.			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)

No, HFCL does not have a formal preferential procurement policy. However, the Company actively supports and encourages procurement from MSEs and small-scale producers within India.

- (b) From which marginalised/vulnerable groups do you procure?

Nil

- (c) What percentage of total procurement (by value) does it constitute?

Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year 2025-26), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit Shared (Yes/No)	Basis of calculating benefit share
Not applicable as no such benefits derived and shared in FY26 based on traditional knowledge.				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
1.	Advanced Healthcare – Corrective Surgeries for Polio-Related Deformities, Clubfoot, and Other Congenital Abnormalities: HFCL, in partnership with the St. Stephen's Hospital Patients Welfare Society, New Delhi provided corrective orthopaedic care to vulnerable and marginalised individuals, particularly children affected by polio-related deformities, clubfoot, and other congenital musculoskeletal abnormalities. The intervention followed consultations with beneficiaries, caregivers, healthcare professionals, and the implementation partner, which identified the need for specialised orthopaedic treatment beyond the reach of economically disadvantaged families. The programme facilitated corrective surgeries led by Dr. Mathew Varghese, an orthopaedic surgeon recognised by the World Health Organisation and the Government of India for his contributions to polio eradication. Beneficiaries also received post-operative rehabilitation and physiotherapy to support long-term recovery. By restoring mobility and physical functionality, the programme enabled beneficiaries to pursue education and livelihood opportunities and participate more actively in community life, advancing social inclusion and equitable access to healthcare.	59	100



S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
2.	Advanced Healthcare – Heart Surgeries: HFCL, in collaboration with the All-India Heart Foundation a charitable arm of National Heart Institute, New Delhi, supports cardiac care for economically disadvantaged individuals with life-threatening cardiac conditions. The initiative followed consultations with healthcare professionals, beneficiaries, and the implementation partner, which identified limited access to specialised cardiac treatment among vulnerable communities due to financial constraints. The programme funds cardiac diagnostics, interventional procedures, and complex surgeries — including coronary angiography, angioplasty (PTCA), coronary artery bypass grafting (CABG), valve replacement and repair, and congenital heart defect correction — along with post-operative care, enabling beneficiaries to receive timely, life-saving treatment that would otherwise be unaffordable. During the reporting period, 25 beneficiaries from vulnerable and marginalised communities received advanced cardiac interventions under this initiative, restoring health, enhancing quality of life, and reducing the socio-economic burden on their families.	25	100
3.	Preventive Healthcare – Mobile Medical Units (MMUs): HFCL operates preventive healthcare programmes through five Mobile Medical Units (MMUs) across Solan (Himachal Pradesh), Goa, Sardarshahar (Rajasthan), Ghazipur (Uttar Pradesh), and Hyderabad (Telangana), in partnership with HelpAge India and the Wockhardt Foundation. The programme was designed following engagement with local communities, village representatives, healthcare professionals, and implementation partners, which identified inadequate access to primary healthcare as a key concern among rural and underserved populations. Each MMU is staffed by an MBBS doctor, laboratory technician, pharmacist, driver-cum-mobiliser, and Social Protection Officer(SPO), delivering primary healthcare facilities directly to communities. Community engagement through health awareness campaigns, Nukkar Natak, community meetings, health camps, household outreach, and pamphlet distribution, ensures services remain responsive to local needs. During FY26, the five MMUs collectively served over 1.13 lakh beneficiaries through outpatient consultations and follow-up care, alongside more than 30,000 diagnostic tests, over 200 home visits, 15 health camps benefiting more than 1,900 individuals, and over 200 awareness programmes reaching more than 8,500 community members, strengthening early disease detection and access to essential medical services.	1,13,008	100
4.	Education – Education for Special Needs Children: HFCL, in partnership with Balwantrai Vidya Bhavan, New Delhi, supports inclusive education for children with developmental and intellectual disabilities from economically disadvantaged families. The initiative followed interactions with educators, parents, caregivers, and the implementation partner, which identified the need for sustained access to specialised education for children who often face barriers to quality schooling and social inclusion. During the reporting period, HFCL fully funded the education of 50 children, covering academic expenses and enabling access to specialised programmes fostering cognitive, behavioural, and life-skills development within a nurturing, inclusive learning environment. Aligned with the National Education Policy (NEP) 2020, the programme advances equitable, inclusive education for children with disabilities, contributing to their long-term social integration, self-reliance, and quality of life.	50	100

S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
5.	Education – Skill Development for Rural Youth: HFCL, in partnership with the Hari Prem Society, operated five Computer Skill Learning Centres in rural Ghazipur, Uttar Pradesh, to build digital literacy and employability among economically disadvantaged youth. The initiative followed consultations with local communities, educational institutions, implementation partners, and prospective beneficiaries, which identified limited access to digital education and vocational training as a key barrier to livelihood opportunities in the region. The centres provided structured training in computer fundamentals, office productivity, data entry, internet usage, and digital communication, equipping rural youth for employment in the formal sector, self-employment, and the gig economy. Enrolment prioritises youth from vulnerable and marginalised backgrounds, with the curriculum refined through periodic assessments and stakeholder feedback. Aligned with the Skill India Mission, Digital India Programme, and NEP 2020, the initiative contributes to SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 9 (Industry, Innovation and Infrastructure) by fostering digital inclusion and sustainable livelihoods.	430	100
6.	Education – Foundational Education through Ekal Vidyalaya: HFCL, in partnership with Bharat Lok Shiksha Parishad (BLSP) under the Ekal Abhiyan, supports foundational education for children from socio-economically disadvantaged rural communities through the Ekal Vidyalaya (One Teacher School) model, operating across 100 villages in Solan and Sirmaur, Himachal Pradesh. Trained local women educators deliver activity-based learning to children aged 4–14 within their own villages, covering literacy, numeracy, health and hygiene, environmental awareness, civic values, yoga, and creative skills, with implementation overseen by Gram Samitis, field supervisors, and regional coordinators. During FY26, the programme directly benefited 2,096 students, 48% of them girls across 100 Ekal Vidyalayas supported by 100 trained female teachers, while engaging more than 50,000 villagers and 1,354 village committee members, including 679 women. 82% of enrolled students passed their annual assessment, alongside measurable gains in reading, handwriting, and attendance. Complementing classroom learning, the programme conducted 74 yoga camps, 184 cleanliness drives, 176 awareness rallies, 110 community events, 11 health camps, and the plantation of 2,324 trees. This initiative is aligned with NEP 2020, Samagra Shiksha, and the SDGs, the initiative contributes to SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 10 (Reduced Inequalities), and SDG 11 (Sustainable Communities).	2,096	100



S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
7.	Project KARUNA: HFCL implemented Project KARUNA, a multi-dimensional CSR initiative addressing developmental needs among vulnerable and marginalised communities across environmental sustainability, education and sports scholarships, rural and slum area development, and disaster relief and rehabilitation. The initiative followed consultations with community stakeholders, local authorities, implementation partners, and beneficiaries, which identified the need for an integrated approach to interconnected social, economic, and environmental challenges faced by underserved populations. Under its environmental sustainability component, the programme undertook initiatives promoting ecological conservation, resource efficiency, and environmental awareness. Through its scholarship component, Project KARUNA provided financial support to talented individuals from economically disadvantaged backgrounds to pursue academic and sporting excellence otherwise inaccessible due to financial constraints. The rural and slum area development component addressed inequalities faced by socially and economically backward groups through interventions targeting hunger, poverty, and malnutrition, while the disaster relief and rehabilitation component extended humanitarian assistance to communities affected by natural or man-made disasters during the reporting period.	NA ¹	100
8.	Project KARUNA – AMRITAM Old Age Home: HFCL, under the AMRITAM Old Age Home initiative of Project KARUNA, supported the construction of a dedicated old age home to address the need for safe, dignified residential care for elderly individuals from economically disadvantaged and vulnerable backgrounds. The initiative followed consultations with community stakeholders and the implementation partner, which identified the absence of adequate residential care infrastructure for senior citizens, particularly those lacking family or financial support, as a significant gap in elderly welfare within the region. During the reporting period, HFCL supported construction work on the proposed facility, encompassing residential accommodation and associated infrastructure designed to provide a safe, secure, and comfortable living environment for elderly beneficiaries.	NA ²	100
9.	Jain Swetamber Terapanthi Sabha, Delhi: HFCL, in partnership with the Jain Swetamber Terapanthi Sabha, Delhi, supported the development of community infrastructure to strengthen access to education and promote health and well-being among vulnerable communities. The initiative followed consultations with the implementation partner and community representatives, which identified the need for residential support facilities for students from weaker sections of society, as well as accessible avenues for promoting health and well-being within the community.	NA ³	100

¹ Not ascertainable — as the project comprises diverse initiatives catering to different beneficiary groups, making aggregation on a comparable basis impracticable.

² Not ascertainable at this stage — the facility is under construction and not yet operational.

³ Not ascertainable — providing residential facilities for students from weaker sections of society and the Yoga/Pranayama outreach is open community participation without enrolment tracking.

PRINCIPLE 9: Business should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

At HFCL, a well-structured and responsive system is in place to manage customer complaints and feedback effectively. Customers can submit their concerns by emailing their assigned account manager or the designated complaint management representative at the respective plant. Each complaint is evaluated based on its nature and urgency, with resolutions provided within clearly defined timeframes to ensure timely and effective redressal.

HFCL is committed to maintaining high levels of customer satisfaction through transparent and accountable grievance handling processes. The Company's customer grievance policy, including the complaint submission procedure, is publicly accessible on its website at:

https://cdn.prod.website-files.com/69e0036b695965871f0524aa/69e7e0900f11b5903d05ff9b_HFCL_Customer_Support_Policies_%26_Procedure.pdf

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

Parameters	As percentage to total turnover
Environmental and social parameters relevant to the product	100
Safe and responsible usage	100
Recycling and/or safe disposal	100

Note: The Company shares information about the safe usage, management, and disposal of the product as part of the product information brochure, including the ROHS details, disseminating awareness to customers about environmental parameters and compliances.

3. Number of consumer complaints in respect of the following:

	Current Financial Year 2025-26			Remarks	Previous Financial Year 2024-25			Remarks
	Received	Pending at end of year			Received	Pending at end of year		
Data Privacy	Nil	Nil	NA		Nil	Nil	NA	
Advertising	Nil	Nil	NA		Nil	Nil	NA	
Cyber-security	Nil	Nil	NA		Nil	Nil	NA	
Delivery of essential services	Nil	Nil	NA		Nil	Nil	NA	
Restrictive Trade Practices	Nil	Nil	NA		Nil	Nil	NA	
Unfair Trade Practices	Nil	Nil	NA		Nil	Nil	NA	
Others (Customer Complaints)	Nil	Nil	NA		6	Nil	All complaints resolved.	

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary Recalls	Nil	Not Applicable
Forced Recalls	Nil	Not Applicable



5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No). If available, provide a web-link of the policy.

Yes, HFCL is certified to ISO 27701:2019 for its Privacy Information Management System (PIMS) and has established a comprehensive privacy and information security framework aligned with the requirements of ISO 27001:2022 and ISO 27701:2019. HFCL maintains a formal PIMS Manual (1023_HFCL PIMS Manual v1.1) that defines the organisation's approach to protecting personal and sensitive information and implementing privacy controls across its operations.

To ensure transparency and accessibility, HFCL's Privacy Policy is publicly available at <https://www.hfcl.com/privacy-policy>

The Privacy Policy details the management, processing, protection, retention, and lawful use of Personally Identifiable Information (PII) collected, stored, or processed by HFCL. It establishes the principles of lawful processing, transparency, purpose limitation, data minimisation, accuracy, storage limitation, confidentiality, and accountability, while ensuring compliance with applicable privacy regulations, including ISO 27701:2019, GDPR, and the Digital Personal Data Protection (DPDP) Act, 2023. The policy also defines HFCL's responsibilities as a Data Fiduciary, outlines the rights of data subjects, establishes data breach notification and grievance redressal mechanisms, and specifies the safeguards implemented to protect personal information throughout its lifecycle.

HFCL also maintains a comprehensive Cyber Security Policy that establishes documented rules, responsibilities, and security controls designed to safeguard the organisation's systems, networks, applications, and data. The policy governs areas such as information security governance, risk management, access control, data protection, cybersecurity incident response, network and cloud security, asset protection, business continuity and disaster recovery, security awareness, third-party/vendor security management, and regulatory compliance. These controls are implemented to ensure the confidentiality, integrity, and availability of information assets while supporting compliance with applicable legal, regulatory, and industry requirements.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services, cyber security, and data privacy of customers; re-occurrence of instances of product recalls, penalty/action taken by regulatory authorities on safety of products/services.

During the reporting period, HFCL did not receive any customer requests or reported incidents related to data breaches or privacy violations. HFCL actively supports customer led third-party risk assessments by providing information on its cybersecurity and privacy controls, demonstrating its commitment to data protection, compliance, and continuous improvement.

HFCL continuously undertakes corrective and preventive actions to strengthen the cybersecurity posture and customer data privacy. To improve service reliability and operational resilience, critical systems are regularly monitored, reviewed, and updated through timely upgrades, security patching, vulnerability assessments, and backup management. Single Sign-On (SSO) and Multi-Factor Authentication (MFA) have been implemented for sensitive business applications to enhance Identity and Access Management, strengthen authentication controls, and reduce access-related risks.

To further strengthen cybersecurity and protect customer data, HFCL has implemented endpoint encryption and protection, multi-layered threat protection, strong password controls, secure backup mechanisms, proxy filtering for secure web access, regular security audits, and employee awareness programs. These measures are supported by continuous monitoring and periodic reviews to identify and remediate potential vulnerabilities before they can impact business operations or customer information.

HFCL has also established a Unified Service Desk (<https://connectit.hfcl.com>) for timely reporting, tracking, and resolution of incidents. In addition, an External Threat Landscape Management platform has been deployed to identify and mitigate risks associated with exposed assets across the surface, deep, and dark web. Corrective actions such as securing unnecessary open ports, timely renewal of security certificates, takedown of malicious applications, and containment of impersonated domains are regularly undertaken to minimise cyber risks.

7. Provide the following information relating to data breaches during FY 2025-26:

(a) Number of instances of data breaches:

There were no instances of data breaches during the FY26

(b) Percentage of data breaches involving personally identifiable information of customers.

Not Applicable

(c) Impact, if any, of the data breaches.

Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if possible)

Information on HFCL's products and services is available through a variety of channels and platforms to ensure accessibility and transparency for all stakeholders. These include the official website, social media platforms, product manuals, datasheets, brochures, Customer Service Portal, and call centre support.

Key access points include:

- i. <https://hfcl.com/>
- ii. <https://www.linkedin.com/company/hfcl-limited>
- iii. <https://www.instagram.com/hfcllimited/>
- iv. <https://www.facebook.com/hfclg>
- v. <https://www.youtube.com/channel/UC7DsrJOOuofW4mfsJf6oEBA>
- vi. <https://x.com/hfclg?lang=en>
- vii. <https://io.hfcl.com/>
- viii. <https://www.linkedin.com/company/iobyhfcl/>
- ix. <https://x.com/iobyhfcl?lang=en>
- x. <https://www.instagram.com/iobyhfcl/?hl=en>
- xi. [HFCL Time Machine| Podcast Series](#)
- xii. <https://www.youtube.com/channel/UCmFajVSnbH2eXHAGj71ajgg>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

HFCL provides user manuals and product guides in clear, accessible language. These resources contain step-by-step instructions to help customers use products safely, efficiently, and responsibly. HFCL designs the materials to support customers with different levels of technical knowledge.

Customers can seek assistance through HFCL's dedicated Customer Service Portal or helpline at 8792701100. They may use these channels to clarify product-related queries, obtain usage guidance, or report issues.

For advanced or specialised products, HFCL also conducts training sessions and product demonstrations. These sessions help users understand product features, operate products correctly, and use their functions effectively.



3. Mechanism in place to inform consumers of any risk of disruption/discontinuation of essential services.

HFCL has a structured communication mechanism in place to inform consumers of any potential risk of disruption or discontinuation of essential services. The Company leverages multiple channels such as social media platforms, public relations outlets, and direct customer communications to provide timely updates.

In the event of any anticipated disruption, customers are informed through email, phone calls, and WhatsApp to ensure they receive accurate and prompt information. This multi-channel approach enables HFCL to maintain transparency, minimise inconvenience, and uphold trust by ensuring effective and proactive communication with its consumers.

4. (a) Does the entity display product information on the product over and above what is mandated as per the local laws? (Yes/No/Not Applicable).

If "Yes", provide details in brief.

(b) Did your entity carry out any survey about customer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No).

(a) Yes. HFCL provides detailed product information in the form of a product datasheet. The data sheet includes technical specifications, usage guidelines, and performance parameters and is shared along with the quotation. Manufacturing is undertaken strictly as per the customer-approved datasheet, ensuring transparency, product assurance, and alignment with customer expectations.

(b) No. HFCL primarily operates in the Business-to-Business (B2B) segment, where customer engagement and feedback mechanisms differ from conventional consumer-facing models. Instead of conducting formal surveys, HFCL gathers regular customer feedback through structured interactions such as business meetings, technical discussions, review calls, and follow-ups. These channels allow for real-time insights into customer expectations, satisfaction levels, and scope for improvement. This ongoing dialogue helps HFCL maintain high service standards, address specific client requirements promptly, and foster long-term partnerships.

Independent Practitioner's Reasonable Assurance Report

To
The Board of Directors of HFCL Limited

Introduction and objectives of work

The Board of Directors of HFCL Limited (the "Company/ HFCL") have engaged Bureau Veritas (India) Private Limited to undertake an Independent Assurance of the Company's Sustainability / Non-Financial Performance disclosures in its Business Responsibility & Sustainability Report (BRSR), in accordance with requirements of SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, and to provide Reasonable Assurance Statement on the BRSR Core indicators disclosed in the BRSR report for FY 2025-26.

Intended User

The assurance statement is made solely for the Company and its stakeholders as per the governing contractual terms and conditions of the assurance engagement contract between HFCL and Bureau Veritas. To the extent that the law permits, we owe no responsibility and do not accept any liability to any party other than HFCL for the work we have performed for this assurance report or our conclusions stated in the paragraph below.

Scope of Work

We have performed the Reasonable Assurance engagement for BRSR (Core) parameters in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and in line with the requirements of Bureau Veritas's standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The reporting boundaries considered for this reporting period is on 'Standalone basis'.

As part of our independent reasonable assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes used to collect, analyse and review the information reported. In this process, we undertook the following activities:

Assessment was conducted by means of physical site visits of the following manufacturing units and offices:

Location of Units
Goa OFC Plant
Hyderabad OF & OFC Plant
Hosur Defence Plant
Offices
Delhi & Gurugram

Bureau Veritas conducted interviews with personnel from HFCL across Human Resource, Legal, Sustainability, Finance and Accounts, Maintenance System, Production, Environment, Health & Safety (EHS), Purchase and other relevant departments.

The assurance process involved carrying out an Assessment by experienced assessors from Bureau Veritas. The Company has submitted performance data on reported BRSR topics. The data pertaining to each location visited was assessed by Bureau Veritas through the process above described.

The Scope of Sustainability Assurance includes:

- An assessment of the methods used for data collection and reporting for the selected sustainability performance indicators.
- Verification of such systems, including related internal controls.
- Verification on a sample basis, of evidence supporting the data.
- Verification of the sample data and information on selected material topics reported by the organisation for the defined reporting period.
- Assessment of the consistency between the data for the selected sustainability performance indicators and the related written comments in the narrative of the Report.
- The Company's compliance with legal obligations/ disclosures.
- The General and topic specific disclosures subject to assurance.

Management Responsibility

The Selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation, and presentation of information in the BRSR report are the sole responsibility of the Company and its management. We are not involved in drafting or preparation of BRSR. Our sole responsibility is to provide independent Reasonable assurance on the BRSR for the financial year ended 31st March, 2026.

Our Findings

Based on our methodology and the activities described above,

- Nothing has come to our attention to indicate that the BRSR disclosures are inaccurate or that the information included therein is not fairly stated.



- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability/Non-Financial performance disclosures in the BRSR.
- The BRSR provides a fair representation of the Company's activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over the Company and status during the reporting period.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements (expressions of opinion, belief, aim or future intention by HFCL and statements of future commitment.
- Competitive claims in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of HFCL outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of Independence, Integrity, and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety, and social accountability with over 198 years history. Its assurance team has extensive experience in conducting assessment over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with HFCL.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes. The team also has a thorough understanding of Bureau Veritas' standard methodology for the assurance of sustainability reports.

Restriction on use of Our Report

Our Reasonable assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the Company solely to assist the Company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Bureau Veritas neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our deliverables are shown or into whose hands it may come without our prior consent in writing.

Senthil Kumar. V

Lead Assuror
Bureau Veritas (India) Private Limited
Bengaluru, India
Date: 02/09/2026

Munji Rama Mohan RAO

Technical Reviewer
Bureau Veritas (India) Private Limited
Hyderabad, India
Date: 02/09/2026

Annexure 1

Reasonable level of assurance is provided for following '9 Indicators included in BRSR-Core Attributes'

Sr. No.	Attribute	Parameter	Cross – reference to the BRSR
1	Green-house gas (GHG) footprint	Total Scope 1 emissions	Principle 6, Question 7 of Essential Indicators
		Total Scope 2 emissions (Break-up of the GHG)	Principle 6, Question 7 of Essential Indicators
		GHG Emission Intensity (Scope 1 +2)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	Total water consumption	Principle 6, Question 3 of Essential Indicators
		Water consumption intensity	Principle 6, Question 3 of Essential Indicators
		Water Discharge by destination and levels of Treatment	Principle 6, Question 4 of Essential Indicators
3	Energy footprint	Total energy consumed	Principle 6, Question 1 of Essential Indicators
		% of energy consumed from renewable sources	Principle 6, Question 1 of Essential Indicators
		Energy intensity	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity - details related to waste management by the entity	Plastic waste (A)	Principle 6, Question 9 of Essential Indicators
		E-waste (B)	Principle 6, Question 9 of Essential Indicators
		Bio-medical waste (C)	Principle 6, Question 9 of Essential Indicators
		Construction and demolition waste (D)	Principle 6, Question 9 of Essential Indicators
		Battery waste (E)	Principle 6, Question 9 of Essential Indicators
		Radioactive waste (F)	Principle 6, Question 9 of Essential Indicators
		Other Hazardous waste. Please specify, if any. (G)	Principle 6, Question 9 of Essential Indicators
		Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	Principle 6, Question 9 of Essential Indicators
		Total waste generated (A+B + C + D + E + F + G + H)	Principle 6, Question 9 of Essential Indicators
		Waste intensity	Principle 6, Question 9 of Essential Indicators
Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations		Principle 6, Question 9 of Essential Indicators	
For each category of waste generated, total waste disposed by nature of disposal method		Principle 6, Question 9 of Essential Indicators	



Sr. No.	Attribute	Parameter	Cross – reference to the BRSR
5	Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company	Principle 3, Question 1(c) of Essential Indicators
		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites)	Principle 3, Question 11 of Essential Indicators
6	Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	Principle 5, Question 3(b) of Essential Indicators
		Complaints on POSH	Principle 5, Question 7 of Essential Indicators
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/small producers and from within India	Principle 8, Question 4 of Essential Indicators
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent/ on contract) as % of total wage cost	Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss/breach of data of customers as a percentage of total data breaches or cyber security events	Principle 9, Question 7 of Essential Indicators
		Number of days of accounts payable	Principle 1, Question 8 of Essential Indicators
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties	Principle 1, Question 9 of Essential Indicators
		Loans and advances & investments with related parties	Principle 1, Question 9 of Essential Indicators

Independent Auditors' Report

To The Members of **HFCL Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **HFCL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the branch auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

S. No. Key Audit Matters	Auditor's Response
1. Customer contracts – Accuracy of revenue recognition, valuation of contract assets, work-in-progress (WIP), trade and other receivables, and accuracy of contract liabilities For the year ended March 31, 2026, revenue from customer contracts amounts to ₹ 4,527.54 Crore whereas as at March 31, 2026, contract assets amount to ₹ 905.67 Crore, the balance of work-in-progress (WIP) amounts to ₹ 142.32 Crore and retention amounts to ₹ 172.82 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.	Auditor's Response Our audit procedures in this area included, inter alia, the following: • Obtained an understanding of the Company's project execution processes and evaluated the design, implementation, and operating effectiveness of key internal controls relating to the accounting for customer contracts; • Tested selected key management review controls over revenue recognition throughout the year to assess their operating effectiveness; • Read the terms and conditions of significant new and modified contracts to assess their impact on revenue recognition, including identification of performance obligations, variable consideration, and transaction price allocation; • Conducted enquiries with management regarding risk assessment processes relating to contract fulfilment and revenue accounting;



S. No. Key Audit Matters	Auditor's Response
(Refer Notes 31 to the standalone financial statements). During order fulfilment, contractual obligations are subject to reassessment due to change orders, scope modifications, or contract cancellations. 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 principal risks relate to incorrect period-cut-off, unjustified revenue recognition, and overstatement of WIP balances requiring impairment adjustments. Given the scale of revenue, the degree of management judgment involved, and the potential for material misstatement in related financial statement captions, this area was identified as a Key Audit Matter.	- On a sample basis, reconciled recognised revenue to underlying supporting documentation, validated direct and indirect costs, and tested the mathematical accuracy of cost-to-completion calculations; - Tested the appropriateness of the revenue recognition policies applied on a sample of contracts and verified the valuation of WIP balances through reconciliation of accounting entries to supporting documentation; - Applied heightened scrutiny to transactions recorded in the period immediately preceding and following the balance sheet date to obtain sufficient evidence on the accuracy of cut-off; - Reviewed a sample of contracts with unbilled revenue to identify potential delays in milestone achievement requiring revision to estimated efforts; - Performed analytical procedures and tests of detail to assess the reasonableness of incurred costs and completion estimates.
2. Valuation of accounts receivable – risk of credit losses	Our procedures did not identify any material exceptions.
The Company has a concentration of credit exposure on a number of major customers predominantly Government and large organisation. certain of whom operate in challenging business environments. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Company's standalone financial statements amounting to ₹ 2,118.94 Crore and the provision for impairment of receivables amounted to ₹ 36.54 Crore as at March 31, 2026. The Company's trade receivables form a significant portion of its financial assets. Under Ind AS 109, the Company is required to recognize impairment on trade receivables using the Expected Credit Loss (ECL) model. The determination of ECL involves significant management 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 inherent in the ECL estimation process, the complexity of applying forward looking assumptions and the material quantum of trade receivables, this area was identified as a Key Audit Matter. Refer Note 15 to the standalone financial statements.	Our audit procedures in this area included, inter alia, the following: - Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; - Assessment of the Company's credit policy outlining authority for approving and responsibility to manage credit limits; - Conducted Inquiries with senior management and the relevant governance committee in order to understand and assess governance and follow-up/monitoring of key customers; - Performed analytical procedures and made specific enquiries with business area management to assess trends in receivable ageing, collections, and overdue accounts; - Performed detailed testing and assessment of receivables to ensure these are in line with Ind AS 109 requirements, with a focus on significant new provisions and write-offs. We also assessed and challenged management's assumptions and adherence to the Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and commensurate with the identified credit risks.

S. No. Key Audit Matters	Auditor's Response
3. Assessment of the carrying value of Intangible Assets (including intangible assets under development) The Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Company records the qualifying expenditure as 'intangible assets under development'. In accordance with Ind AS 36 – Impairment of Assets, the Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis. The determination of the recoverable values of intangible assets (including intangible assets under development) for carrying out impairment assessment involves several key assumptions including discount rates and future cash flow projections for ascertaining future economic benefits expected to be generated by such assets. The Company has carried out an impairment assessment of intangible assets (including intangible assets under development) and concluded that the recoverable value is higher than the carrying amount of such assets. Accordingly, no adjustment to the carrying amount of intangible assets (including intangibles assets under development) is considered necessary as at March 31, 2026. Given the degree of judgement inherent in impairment assessment and in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the standalone financial statements.	Our audit procedures in this area, which incorporated appropriate materiality and sampling techniques, included, inter alia, 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 future 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.) • Reviewed management's expert reports and technical assessments, as applicable, supporting the determination of recoverable amounts. • Assessed the adequacy of disclosure in standalone financial statement Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangible assets under development), to be reasonable.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the foreign branches of the Company. We are responsible for the direction, supervision and performance of the audit of the standalone financial statements of the Company of which we are the independent auditors. For the foreign branches included in the standalone financial statements, which have been audited by other auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Standalone Financial Statements includes financial performance of three foreign branches which reflects total assets of ₹ 57.22 Crore as at March 31, 2026, total revenue of ₹ 75.55 Crore, Net Profit after tax of ₹ (1.46) Crore and total comprehensive income of ₹ 1.87 Crore and net cash outflow amounting to ₹ 1.90 Crore for the year ended on 31st March 2026, which were audited by respective independent branch auditors. The independent branch auditor's report on the financial statements of these branches have been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these branches 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. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- B. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The reports on the accounts of foreign branch offices audited by independent branch auditors have been furnished to us by the management of the Company and have been properly dealt with by us in preparing this report.
- d) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules made thereunder.
- f) On the basis of the written representations received from the directors as on March 31, 2026, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 47 to the standalone financial statements;

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| <p>ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 47 to the standalone financial statements;</p> <p>iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company</p> <p>iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;</p> <p>(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;</p> <p>(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that</p> | <p>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.</p> <p>v. (a) The final dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.</p> <p>(b) As stated in Note 42 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.</p> <p>vi. Based on our examination which included test checks and as explained in Note 63 to the Standalone Financial Statements, the company has used an accounting software including software operated by third party, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software and during the course of our audit we did not come across any instance of audit trail feature being tampered with. Such audit trails are preserved as per the statutory requirement for record retention.</p> |
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| <p>For S Bhandari & Co LLP
Chartered Accountants
Firm Registration
No. 000560C/C400334</p> <p>(J.S.P. Bansal)
Partner
Membership No.: 070980
UDIN: 26070980CFKING6581</p> <p>Place: New Delhi
Date: April 30, 2026</p> | <p>For Oswal Sunil & Company
Chartered Accountants
Firm Registration
No. 016520N</p> <p>(Nawin K Lahoty)
Partner
Membership No.: 056931
UDIN: 26056931JEDKAY9751</p> <p>Place: New Delhi
Date: April 30, 2026</p> |
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Annexure 'A' to the Independent Auditors' Report

(Referred to in Paragraph A under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HFCL Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.

(c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company except the following:

Description of property	Gross carrying value (₹ in Crore)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, whether appropriate	Reason for not being held in name of the Company
Leasehold land at Solan	0.28	State Government of Himachal Pradesh	No	Since 23 rd September, 1994	Property is under dispute for titleship
Freehold land at Jaipur	1.64	Erstwhile amalgamated Company	No	Since 05 th January, 2011	Subject to Mutation of properties
Freehold Land at Telangana	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	Since 5 th September, 2022	Subject to fulfilment of stipulated conditions
Freehold Land at Andhra Pradesh	28.91	A.P. Industrial Infrastructure Corporation Limited (APIIC)	No	Since 5 th March, 2026	Subject to fulfilment of stipulated conditions

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year. Hence reporting under clause 3 (i) (d) of the Order is not applicable.

(e) As informed by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended 2016) and rules made thereunder. Hence reporting under clause 3 (i) (e) is not applicable.

ii. (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, having regard to the size, nature and location of inventory, the coverage and procedure of such verification by the management its appropriate and no discrepancies of 10% or more in

(b) Property, Plant and Equipment of the Company are physically verified according to a phased program designed to cover all items over a period of three years, which, in our opinion, is reasonable having regard to size of the Company and the nature of its assets. Pursuant to the program, physical verification of the Property, Plant and Equipment was carried out during the year by the management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

aggregate for each class of inventory were noticed on such verification.

(b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. As per the information and explanation given to us and as disclosed in the Note 25 of the standalone financial statement, the quarterly returns or statements filed by the company with banks are in agreement with the books of accounts of the Company.

iii. The company has made investments in, provided guarantee, security, granted loans and advances in the nature of loans, secured or unsecured, to companies and other parties

(a) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans and guarantees to,

(A) Subsidiaries and jointly controlled entities:

Particulars	Guarantees (₹ in Crore)	Securities (In Numbers)	Loans (unsecured) (₹ in Crore)	Advances in nature of loans (₹ in Crore)
Aggregate amount granted/ provided during the year	100.00	Nil	14.06	Nil
Balance outstanding as at balance sheet date	571.02	3,58,500 (Shares of HTL Limited Pledged against loan given to subsidiary)	45.61	Nil

(B) Other than subsidiaries and jointly controlled entities:

Particulars	Guarantees (₹ in Crore)	Loans (unsecured) (₹ in Crore)	Advances in nature of loans (₹ in Crore)
Aggregate amount granted/provided during the year	Nil	15.00	Nil
Balance outstanding as at balance sheet date	20.16	33.53	1.75

- (b) In our opinion, the investments made, guarantees provided, security given and the terms and conditions of grant of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans and advances in nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
- (d) In respect of loans granted by the Company, there is no overdue amount for more than 90 days remaining outstanding as at the balance sheet date.
- (e) In respect of loans or advance in nature of loans granted by the Company which has fallen due during the year and has been extended by entering mutual agreements.

Name of the parties	Aggregate amount of existing loans extended (₹ In Crore)	Percentage of the aggregate to the total loans granted during the year
HFCL Technologies Private Limited	18.46	63.52%
Raddef Private Limited	2.00	6.88%
A Jain & Company Pvt Ltd	10.00	34.41%

- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Hence, reporting under clause 3 (iii) (f) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, where applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under. Hence, reporting under clause 3 (v) is not applicable.
- (vi) As per information and explanation given to us by the management, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the production of goods and services rendered by the Company. Hence reporting under clause 3(vi) of the order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues applicable to it with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2026 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, details of statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited as on March 31, 2026 on account of disputes are as under:

Name of the statute	Nature of dues	Amount of Demand	Period to which the demand relate	Forum where dispute is pending	Amount in ₹ Crore
					Amount Deposited under Protest
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	0.18	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	5.92	2021-22	State Tax Officer Jammu & Kashmir	0.34
Goods & Service Tax	GST	1.60	2021-22	Assistant Commissioner of Mohali, Punjab	0.00
Goods & Service Tax	GST	12.78	2018-19	State Tax Officer Delhi	0.43
Goods & Service Tax	GST	1.92	2018-19	State Tax Officer Delhi	0.10
Central Excise Tariff Act, 1985	Excise Duty	0.82	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to ₹ 0.47 Cr.
Central Excise Tariff Act, 1985	Customs	12.71	2017-18	Central, Excise and Service Tax Appellate Tribunal, Mumbai	0.49
Finance Act, 1994	Service Tax	5.92	2003-2013	Service Tax (Delhi Commissionerate)	-

- (viii) According to the information and explanations given to us and records examined by us, there are no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, reporting under clause 3 (viii) is not applicable.
- (ix) (a) According to the information and explanations given to us and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the Balance Sheet date. The Company has not taken any loan/borrowing from Financial Institution or Government.
- (b) According to the information and explanations given to us and records examined by us, the Company has not been declared willful defaulter by any bank or financial institution or other lender. Hence, reporting under clause 3 (ix) (b) is not applicable.
- (c) Based on our examinations of the records and information and explanations given to us, the term loans have been applied for the purpose for which these are raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and jointly controlled entities.
- (f) Based on our examinations of the records and information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries and jointly controlled entities. Hence, reporting under clause 3 (ix) (f) is not applicable.

- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) is not applicable.
- (b) Based on our examinations of the records and information and explanations given to us, the Company has made private placement of shares during the year and the requirements of section 42 and section 62 of Companies Act 2013 have been complied with. Further, funds raised have been used for the purposes for which funds were raised.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the company and no material fraud on the company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) As represented and based on our examination of records made available to us by the management, there are no whistle blower complaints received by the Company during the year. hence reporting under clause 3(xi)(c) is not applicable.
- (xii) The Company is not a Nidhi company and hence reporting under clause 3(xii) is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system which is generally commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports issued for the year under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, reporting under clause 3(xv) is not applicable.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi)(a), (b) and (c) is not applicable.
- (b) As represented by the management, the Group has more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016. There are 3 unregistered CICs forming part of the Group.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. hence reporting under clause 3(xviii) is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) is not applicable for the year.
- (b) In respect of ongoing projects, the company has transferred unspent amount for the financial year ending March 31, 2026 to a separate CSR special account within a period of thirty days from the end of the financial year in compliance with provisions of section 135(6) of the said Act.

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Registration
No. 000560C/C400334

(J.S.P. Bansal)
Partner
Membership No.: 070980
UDIN: 26070980CFKING6581

Place: New Delhi
Date: April 30, 2026

For **Oswal Sunil & Company**
Chartered Accountants
Firm Registration
No. 016520N

(Nawin K Lahoty)
Partner
Membership No.: 056931
UDIN: 26056931JEDKAY9751

Place: New Delhi
Date: April 30, 2026

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph B(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF **HFCL LIMITED**

We have audited the internal financial controls over financial reporting of HFCL LIMITED ("the Company") as of March, 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing as prescribed under Section 143 (10) of the Companies act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial

controls over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Registration

No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No.: 070980

UDIN: 26070980CFKING6581

Place: New Delhi

Date: April 30, 2026

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration

No. 016520N

(Nawin K Lahoty)

Partner

Membership No.: 056931

UDIN: 26056931JEDKAY9751

Place: New Delhi

Date: April 30, 2026

Standalone Balance Sheet

as at March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Note No(s)	As at March 31, 2026	As at March 31, 2025
Assets			
Non-current Assets			
(a) Property, Plant and Equipment	3	730.49	469.26
(b) Capital work-in-progress	4	55.83	157.20
(c) Right-of-use-assets	43	28.37	16.66
(d) Intangible assets (other than Goodwill)	5	233.51	177.64
(e) Intangible assets under development	6	401.24	401.85
(f) Investment in subsidiaries and jointly controlled entities	7	144.89	135.06
(g) Financial Assets			
(i) Investments	8	57.69	130.80
(ii) Trade receivables	15	269.80	409.86
(iii) Loans	9	52.96	29.65
(iv) Others	10	36.62	70.58
(h) Other non-current assets	12	20.54	43.50
Total Non-Current Assets		2,031.94	2,042.06
Current Assets			
(a) Inventories	13	1,166.33	731.17
(b) Financial Assets			
(i) Investments	14	41.30	1.18
(ii) Trade receivables	15	1,812.60	1,894.23
(iii) Cash and cash equivalents	16	17.44	57.80
(iv) Bank balances other than (iii) above	17	384.24	401.84
(v) Loans	18	21.60	17.50
(vi) Others	19	563.54	583.39
(c) Current tax Assets (net)	20	8.61	8.16
(d) Other current assets	21	2,044.48	1,441.61
Total Current Assets		6,060.14	5,136.88
Assets as held for sale	62	39.35	-
Total Assets		8,131.43	7,178.94
Equity and Liabilities			
Equity			
(a) Equity Share Capital	22	153.03	144.21
(b) Other Equity	22	4,574.42	3,818.34
Total Equity		4,727.45	3,962.55
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	334.52	328.54
(ii) Lease liabilities	43	18.80	9.73
(b) Provisions	24	57.61	49.76
(c) Deferred tax liabilities (Net)	11	78.56	88.61
Total Non-Current Liabilities		489.49	476.64
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	1,154.50	768.21
(ii) Lease Liabilities	43	12.21	8.97
(iii) Operational Buyers' Credit	46	147.65	162.20
(iv) Trade payables	26		
- total outstanding dues to Micro and Small Enterprises		94.49	61.70
- total outstanding dues to other than Micro and Small Enterprises		829.47	1,077.28
(v) Other financial liabilities	27	358.98	428.39
(b) Current tax liabilities (Net)	28	47.05	0.75
(c) Other current liabilities	29	239.56	217.09
(d) Provisions	30	12.47	15.16
Total Current Liabilities		2,896.38	2,739.75
Liabilities associated with the assets held for sale	62	18.11	-
Total Liabilities		3,403.98	3,216.39
Total Equity and Liabilities		8,131.43	7,178.94

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M. No. 070980
Place: New Delhi
Date: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026



Standalone Statement of Profit and Loss

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Note No(s)	For the year ended March 31, 2026	For the year ended March 31, 2025
I INCOME			
Revenue from operations	31	4,527.54	3,795.22
Other Income	32	67.46	60.90
Total Income (I)		4,595.00	3,856.12
II EXPENSE			
Cost of Material Consumed	33	1,424.42	1,123.11
Other Direct Cost	34	482.68	669.50
Purchases of stock-in-trade		1,623.03	1,117.02
Change in inventories of finished goods, work-in-progress and stock-in-trade	35	(406.94)	(80.65)
Employee benefits expense	36	340.91	272.68
Finance Costs	37	209.97	149.46
Depreciation & amortisation expenses	3, 5, 43	137.99	84.90
Other Expenses	38	460.80	278.67
Total Expenses (II)		4,272.86	3,614.69
III Profit before exceptional items and income tax (I-II)		322.14	241.43
IV Exceptional item		-	-
V Profit before tax (III - IV)		322.14	241.43
VI Tax expenses			
- Current tax		79.82	33.11
- Deferred Tax		(10.55)	13.57
Total Tax Expense		69.27	46.68
VII Profit for the year (V-VI)		252.87	194.75
VIII Other comprehensive Income (OCI):			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of defined benefit plans		1.96	1.20
(ii) Income tax on above item		(0.49)	(0.30)
(iii) Loss on Equity Instruments designated through OCI		(20.52)	(36.72)
Items that will be reclassified to profit or loss			
(i) Gain/(Loss) on translation of foreign operation		1.87	(0.10)
Total Other comprehensive income for the year		(17.18)	(35.92)
IX Total comprehensive income for the year (VII + VIII)		235.69	158.83
X Earnings per share from continuing and total operations attributable to the equity holders of the Company	39		
- Basic		1.72	1.35
- Diluted		1.72	1.35

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M. No. 070980
Place: New Delhi
Date: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

Standalone Statement of Cash Flow

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
I. Cash flow from Operating Activities:		
Net Profit before taxes	322.14	241.43
Adjustments for:		
Depreciation and Amortisation expenses	137.99	84.90
(Gain)/Loss on disposal of property, plant and equipment	2.04	0.76
Financial Guarantee Income	(7.14)	(7.03)
Bad Debts, Warrants forfeited, advances and miscellaneous balances written back/off	46.50	9.13
Liquidated Damages recovered on Sales	-	(5.94)
Unrealised Loss/(gain) on foreign exchange fluctuation	(2.36)	(9.62)
(Gain)/Loss on Sale and Revaluation of Investment - Net	(0.01)	(0.11)
Dividend and interest income classified as investing cash flows	(23.47)	(24.01)
Finance costs (net)	209.97	149.46
	363.52	197.54
Change in operating assets and liabilities:		
(Increase)/Decrease in Trade and other receivables	177.42	349.69
(Increase)/Decrease in Inventories	(455.52)	(112.23)
Increase/(Decrease) in Trade payables	(211.54)	303.32
(Increase)/Decrease in other financial assets	17.87	(438.37)
Increase/(Decrease) in other financial liabilities	(10.25)	162.20
(Increase)/Decrease in other non-current assets	17.08	73.33
(Increase)/Decrease in other current assets	(604.03)	(496.99)
Increase/(Decrease) in provisions	(2.69)	3.31
Increase/(Decrease) in other non-current liabilities	10.18	6.86
Increase/(Decrease) in other current liabilities	(71.25)	134.36
	(1,132.73)	(14.52)
Cash generated from operations	(447.07)	424.45
Income taxes (paid)/refund (net)	(34.06)	6.88
Net cash inflow from/(used in) operating activities	(481.13)	431.33
II. Cash flow from Investing activities		
Payment for acquisition of subsidiaries & other investments	(3.00)	(0.36)
Proceeds from sale of Investment	12.00	4.24
Payments for property, plant and equipment including CWIP & Capital Advances	(205.66)	(209.29)
Payments for Intangible Assets including CWIP	(115.06)	(178.98)
Payment for loan to bodies corporate/subsidiaries	(27.41)	(11.92)
Proceeds from sale of property, plant and equipment	0.45	0.06
Bank deposits (placed)/matured (net)	52.19	(122.38)
Dividends received	-	-
Interest received	8.07	13.67
Net Cash flow from/(used in) investing activities	(278.42)	(504.96)



Standalone Statement of Cash Flow

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
III Cash flow from Financing Activities		
Proceeds from Issue of convertible Warrants	-	10.20
Proceeds from issues of Share Capital (including security premium)	550.53	0.66
Share issue expenses	(6.91)	-
Proceeds from borrowings	482.77	418.66
(Repayment) of borrowings	(172.06)	(189.69)
Proceeds/(Repayment) under supplier finance arrangement	84.43	48.70
(Repayment) of lease liabilities	(14.94)	(10.09)
	923.82	278.44
Less:		
Interest paid under supplier finance arrangement	(13.25)	(8.63)
Finance Costs paid on other than supplier finance arrangement	(176.96)	(130.40)
Dividend paid	(14.42)	(28.84)
Net Cash flow from/(used in) financing activities	719.19	110.57
IV Net increase/(decrease) in cash & cash equivalents (I + II + III)	(40.36)	36.94
V Cash and cash equivalents at the beginning of the year	57.80	20.86
VI Cash and cash equivalents at end of the year	17.44	57.80

Notes:

- The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents (refer Note 16) comprise of the followings:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash on hand	0.06	0.06
Balances with Scheduled banks in		
Current accounts	17.38	32.74
Deposits with Banks having maturity upto 3 months	-	25.00
Balances per statement of cash flows	17.44	57.80

- Analysis of movement in borrowings

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Borrowings at the beginning of the year	1,096.74	819.07
Movement due to cash transactions as per the Statement of Cash Flows	395.14	277.67
Borrowings at the end of the year	1,491.88	1,096.74

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M. No. 070980
Place: New Delhi
Date: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

Statement of Changes in Equity

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Equity Share Capital

Particulars	Amount
Balance as at April 1, 2024	144.01
Changes in equity share capital (refer note no. 22(A))	0.20
Balance as at March 31, 2025	144.21
Changes in equity share capital (refer note no. 22(A))	8.82
Balance as at March 31, 2026	153.03

Other equity

Particulars	Money received against Convertible Warrants	Employees Share based payment reserve	Reserves and Surplus			Items of Other Comprehensive Income		Total
			Securities Premium	Capital Redemption Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve	
Balance as at April 1, 2024	3.80	1.02	1,491.91	80.50	1,959.79	141.88	(1.22)	3,677.68
Profit for the year	-	-	-	-	194.75	-	-	194.75
Other Comprehensive Income for the year	-	-	-	-	0.90	(36.72)	(0.10)	(35.92)
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	10.20	-	-	-	-	-	-	10.20
Dividend paid for the previous year	-	-	-	-	(28.85)	-	-	(28.85)
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.81	-	-	-	-	1.81
Conversion of warrants into equity share	(13.60)	-	13.43	-	-	-	-	(0.17)
Transfer to retained earnings	(0.40)	-	-	-	0.40	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.02	-	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.18)	-	-	-	-	(1.18)
Balance as at March 31, 2025	-	1.02	1,505.97	80.50	2,127.01	105.16	(1.32)	3,818.34
Profit for the year	-	-	-	-	252.87	-	-	252.87
Other Comprehensive Income for the year	-	-	-	-	1.47	(20.52)	1.87	(17.18)
Dividend paid for the previous year	-	-	-	-	(14.42)	-	-	(14.42)
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.18	-	-	-	-	1.18
Issue of equity share capital (net of share issue expenses of ₹ 6.91 Crore)	-	-	534.30	-	-	-	-	534.30
Transfer to retained earnings	-	-	-	-	9.12	(9.12)	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.01	-	-	0.01
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(0.68)	-	-	-	-	(0.68)
Balance as at March 31, 2026	-	1.02	2,040.77	80.50	2,376.06	75.52	0.55	4,574.42

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M. No. 070980
Place: New Delhi
Date: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

1. Corporate information

HFCL Ltd. ('HFCL' or 'the Company' CIN: L64200HP1987PLC007466) is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, HFCL is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optic Fiber and Optic Fiber Cable (OFC).

The standalone financial statements have been approved by the Board of Directors of the Company at its meeting held on April 30, 2026.

2. Material accounting policies

A summary of the material accounting policies applied in the preparation of the Standalone Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Standalone Financial Statements.

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

2.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value.
- assets held for sale measured at fair value less cost to sell.
- defined benefit plans - plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and

services. The Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

2.2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 - Income Taxes and Ind AS 19- Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised 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 recognised 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 recognised 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 recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.3. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle; or
- b) Held primarily for the purpose of trading; or
- c) Expected to be realised within twelve months after the reporting period other than for (a) above; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- a) It is expected to be settled in normal operating cycle; or
- b) It is held primarily for the purpose of trading; or
- c) It is due to be settled within twelve months after the reporting period other than for (a) above; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.4. Fair value measurement

The Company measures financial instruments, such as Investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company categorises assets and liabilities measured at fair value into one of three levels as follows:

- **Level 1 — Quoted (unadjusted)**

This hierarchy includes financial instruments measured using quoted prices.

- **Level 2**

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

- a) quoted prices for similar assets or liabilities in active markets.
- b) quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) inputs other than quoted prices that are observable for the asset or liability.
- d) Market – corroborated inputs.

- **Level 3**

They are un-observable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

2.5. Investments in subsidiaries and jointly controlled entities

The Company records the investments in subsidiaries, associates and joint ventures at cost.

When the Company issues financial guarantees on behalf of subsidiaries associates and joint ventures, initially it measures the financial guarantees at their fair values and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries, associates and joint ventures.

Deferred revenue is recognised in the Statement of Profit and Loss over the remaining period of financial guarantee issued.

2.6. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale / distribution rather than through continuing use and the sale is considered highly probable. Management must be committed to the sale within one year from the date of classification.

The Company treats sale to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The assets (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Action required to complete the plan indicated that it is unlikely that significant change to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell/distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale / distribution to owners are not depreciated or amortised.

2.7. Property Plant and Equipment

The Company had elected to continue with the carrying value of all of its Property, Plant and Equipment (PPE) recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Items of PPE acquired/constructed are initially recognised 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 repair and maintenance costs are recognised 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 amortised 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), amortisation 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of PPE are as follows:-

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the Company will obtain ownership at the end of the lease term.

An item of PPE is de-recognised 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 recognised 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 amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

b. Product Development and Intangible Assets under Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate all the following: -

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell of the asset, The ability to measure reliably the expenditure attributable to the intangible asset during development

Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably. In which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalised when the asset is ready for its intended use.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the period of expected future benefit, i.e. the estimated useful life of the intangible asset. Amortisation expense is recognised in the Statement of Profit and Loss.

During the period of development, the asset is tested for impairment annually

c. Other Intangible assets:

The Company had elected to continue with the carrying value of all of its Intangible Assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Cost of other intangible assets or software comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxation authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure after its purchase is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 derecognised 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 amortisation 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortised 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 amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Debt Investment - Investment in subsidiaries and jointly controlled entities are measured at cost less impairment loss, if any.

Equity instruments

- (i) Investment in subsidiaries and jointly controlled entities are measured at costless impairment loss, if any.
- (ii) All other equity investments are measured at fair value. For Equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. This amount is not recycled from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

De-recognition

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, [the Company 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) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss (P&L)].

2.9.2. Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Operational Buyers'/Supplier's Credit and Vendor Financing

The Company enters into arrangements whereby banks make direct payments to suppliers for raw materials. The banks are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled between 120 days to 240 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyer's / 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 / suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

A previously recognised 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 recognised. The reversal is limited to the carrying amount of the asset.

2.11. Inventories

Inventories are valued at the lower of cost or net realisable 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- 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 realisable 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

- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.
- 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).
- The Company presents revenues net of indirect taxes in its Statement of Profit and loss.
- The following is a description of the principal activities – separated by reportable segments – from which the Company generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Company principally generate revenue from sale of Optical Fibre Cable, Optical Fibre and Telecom Equipment's. Revenues from Products are recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Defence Electronics Products and allied Services

This segment provides advanced communication and surveillance technologies, offering a range of products such as electronic fuzes, electro optics, ground and coastal surveillance radars, tactical cables and integrated wire harness solutions designed for mission critical applications. Revenues from Products are recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

iii. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities, Projects of Jal Jeevan Mission etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from Turnkey Projects/Contracts is recognised over time as the performance obligation is satisfied. This is because the customer controls the asset as it is being constructed, and the Company has an enforceable right to payment for performance completed to date.

When the outcome of such contracts can be estimated reliably, revenue is recognised using the percentage of completion method, determined by reference to the stage of completion of the contract activity. The stage of completion is measured based on work certified, which reflects the Company's efforts or inputs toward fulfilling the performance obligation

Contract revenue is recognised based on the progress of work performed. If the revenue recognised exceeds the amount billed to the customer through interim or progressive invoices, the difference is classified as a Contract Asset (Unbilled Revenue). This represents the Company's right to consideration for work completed but not yet billed.

On the other hand, if the amount billed to the customer exceeds the revenue recognised to date, the excess is recorded as a Contract Liability. This reflects the Company's obligation to perform further work under the contract or refund excess amounts received.

Customer prepayments—amounts received in advance before performance obligations are satisfied—are also presented as liabilities until the related work is completed.

Retention money, which is the portion of the contract amount withheld by the customer until satisfactory completion of the project, is classified as earnest money recoverable. It does not include a significant financing element, as it primarily serves as security for the proper execution of the contract.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

• **Contracts with government**

The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's credit worthiness. Revenue is the transaction price the Company expects to be entitled to.

If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. If stand-alone selling prices are not observable, then Company reasonably estimates those. Revenue is recognised 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 Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

• **Warranty**

Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and arrangement entered with respective vendors of equipment's supplied under contract, the Company recognises provisions for this warranty.

• **Financial Components**

The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and considering practical expedient.

iv. **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 recognised at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

2.13. Leases

As a lessee

The Company implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. The Company elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value.

Based on the accounting policy applied, the Company recognises 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 recognised directly in the profit and loss.

The lease payments are discounted using the Company's incremental borrowing rate or the rate implicit in the lease contract.

As a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a

pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

2.14. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of the exchange difference between the date of transaction and on settlement or on translation is recognised 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

Employee benefit obligations are measured in accordance with the principles of Ind AS 19 – Employee Benefits. Changes in the present value of defined benefit obligations resulting from legislative amendments are treated as plan amendments. Past service cost arising from such amendments is recognised immediately in the Statement of Profit and Loss in the period in which the amendment occurs.

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 recognised 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 recognised in full in the standalone statement of profit and loss in the period in which they occur.

Post-employment obligations

i. Defined contribution plans

Provident Fund and employees' state insurance schemes:

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognised and administered by the Government of India.

The Company's contributions to both these schemes are recognised as an expense in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

ii. Defined benefit plans

Gratuity:

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". The Company makes periodic contributions to the HDFC Standard Life Insurance

Company Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which 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.

Defined retirement benefit plans comprising of gratuity, post-retirement medical benefits and other terminal benefits, are recognised 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 recognised 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 recognised 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 recognised in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are recognised as an expense in the period in which they are incurred.

2.16. Employee Share-based payments

The Company has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Company but consolidated in the Financial Statement. Any loan from the Company to the Trust is accounted for as a loan in accordance with its term.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognised as an employee benefits expense and those granted to employees of subsidiaries is considered as the Company's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognised 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 capitalised as part of cost of such asset. Other borrowing costs are recognised 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 recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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 recognised where there is a reasonable assurance that the grant will be received and the Company will comply with all stipulated conditions. Government grants relating to income are deferred and recognised 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 recognised in the Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

2.20. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

2.21. GST Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST credit is shown under the head "Other Current Assets".

2.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.23. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amount expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statement. However, deferred tax liabilities are not recognised 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 realised, 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 recognised

only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised 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 utilised.

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 realise the asset and settle the liability simultaneously.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

3 Property, Plant and Equipment

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipment's	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2024	445.48	122.23	33.96	27.99	22.22	8.51	33.21	18.32	20.88	0.88	733.68
Additions	109.48	44.46	9.74	15.47	0.93	1.31	2.53	0.72	-	-	184.65
Disposals/Adjustments	0.08	0.50	-	0.28	0.75	0.57	7.34	0.52	-	-	10.03
Balance as at March 31, 2025	554.89	166.19	43.70	43.18	22.40	9.25	28.40	18.52	20.88	0.88	908.30
Additions	299.99	2.57	4.16	1.01	1.47	2.18	3.79	3.31	28.91	-	347.39
Disposals/Adjustments	1.55	-	-	-	7.35	0.29	1.47	3.56	-	-	14.22
Assets classified as held for Sale	3.84	-	-	-	0.06	-	0.08	-	-	-	3.98
Balance as at March 31, 2026	849.49	168.76	47.86	44.19	16.46	11.14	30.64	18.27	49.79	0.88	1,237.49
Accumulated depreciation											
Balance as at April 1, 2024	288.00	22.47	13.94	22.72	13.41	7.18	23.33	10.88	-	0.26	402.19
Depreciation for the year	28.78	3.47	1.97	1.23	2.33	0.73	5.25	2.30	-	0.01	46.07
Disposals/Adjustments	0.08	0.09	-	0.26	0.72	0.55	7.02	0.49	-	-	9.21
Balance as at March 31, 2025	316.70	25.85	15.91	23.69	15.02	7.36	21.56	12.69	-	0.27	439.05
Depreciation for the year	58.19	4.69	2.55	4.93	1.95	1.38	4.15	1.93	-	0.01	79.78
Disposals/Adjustments	1.48	-	-	-	5.15	0.27	1.38	3.38	-	-	11.66
Assets classified as held for Sale	0.13	-	-	-	0.02	-	0.02	-	-	-	0.17
Balance as at March 31, 2026	373.28	30.54	18.46	28.62	11.80	8.47	24.31	11.24	-	0.28	507.00
Net Carrying Value											
Balance as at April 1, 2024	157.48	99.76	20.02	5.26	8.80	1.35	9.87	7.45	20.88	0.62	331.50
Balance as at March 31, 2025	238.19	140.34	27.79	19.48	7.39	1.90	6.84	5.84	20.88	0.61	469.26
Balance as at March 31, 2026	476.21	138.22	29.40	15.57	4.66	2.67	6.33	7.03	49.79	0.60	730.49

Notes:

- The following properties are pending for title transfer in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
Property, plant and equipment	Land (Leasehold)	0.28	State Government of Himachal Pradesh	No	September 23, 1994
Property, plant and equipment*	Land (Freehold)	1.64	Erstwhile amalgamated Company	No	January 5, 2011
Property, plant and equipment**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	September 5, 2022
Property, plant and equipment***	Land (Freehold)	28.91	A.P. Industrial Infrastructure Corporation Limited (APIIC)	No	March 5, 2026

* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Shimla on January 5, 2011, the above said land was transferred to the Company. Accordingly, the Company had filed an application before Jaipur Development Authority (JDA) for mutation of the aforesaid land in favour of the Company. The Deputy Registrar, Collector (Stamps), Jaipur Circle-III raised a demand of ₹ 25 crore towards payment of stamp duty for carrying out such mutation. The Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On July 29, 2022, the division bench of the Jaipur High Court passed an order quashing the demand and directing fresh assessment of duty payable by the Company. Against the High Court order, Deputy Registrar, Collector (Stamps), Jaipur has filed an appeal before the Hon'ble Supreme Court and apex court dismissed the said appeal vide its order dated September 1, 2023 and ordered fresh assessment of the stamp duty to be carried out by the concerned authority. Deputy Registrar, Collector (Stamps), Jaipur have filed review petition before Honourable Supreme Court against its order dated September 1, 2023 against which Honourable Supreme Court passed an order dated July 18, 2024 dismissing the review petition. Company has further requested Jaipur Development Authority (JDA) to re-assess the stamp duty basis which mutation will be undertaken.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

** The aforesaid land is allotted to the Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIC and Company is currently having physical possession of the said land. TSIC will execute sale deed in favour of the Company post fulfilment of all the conditions as stipulated in the agreement to sell.

*** The aforesaid land is allotted to the Company for setting up facility for manufacturing of Defence products in the state of Andhra Pradesh. The agreement to sell has been executed with APIIC and Company is currently having physical possession of the said land. APIIC will execute sale deed in favour of the Company post fulfilment of all the conditions as stipulated in the agreement to sell.

- The company has not revalued any property, plant and equipment during the current and previous financial year.
- Refer Note 23 and 25 for details of assets pledged.

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance as at April 1, 2024	29.02	92.71	0.20	0.52	122.45
Additions	30.79	157.39	16.45	0.55	205.18
Disposals/Adjustments	47.74	105.77	16.50	0.42	170.43
Balance as at March 31, 2025	12.07	144.34	0.15	0.65	157.20
Additions	22.72	177.52	0.74	0.37	201.35
Disposals/Adjustments	5.09	296.93	0.15	0.55	302.72
Balance as at March 31, 2026	29.70	24.93	0.74	0.47	55.83

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, 2026	39.40	5.15	6.20	5.08	55.83
As at March 31, 2025	129.45	22.01	5.39	0.35	157.20

*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, 2024	152.53
Additions	92.00
Disposals/Adjustments	3.16
Balance as at March 31, 2025	241.37
Additions	115.66
Disposals/Adjustments	2.48
Assets classified as held for Sale	18.30
Balance as at March 31, 2026	336.25

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Amount
Accumulated Amortisation	
Balance as at April 1, 2024	35.56
Amortisation for the year	31.34
Disposals/Adjustments	3.16
Balance as at March 31, 2025	63.74
Amortisation for the year	45.91
Disposals/Adjustments	2.48
Assets classified as held for Sale	4.43
Balance as at March 31, 2026	102.74
Net Carrying Value	
Balance as at April 1, 2024	116.98
Balance as at March 31, 2025	177.64
Balance as at March 31, 2026	233.51

The company 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, 2024	314.86
Additions	169.04
Disposals/Adjustments	82.05
Balance as at March 31, 2025	401.85
Additions	108.08
Disposals/Adjustments	108.69
Balance as at March 31, 2026	401.24

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, 2026	65.83	98.09	124.69	112.63	401.24
As at March 31, 2025	139.69	141.14	89.22	31.80	401.85

6.2 Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2026

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



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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

7 Investment in subsidiaries and jointly controlled entities

Particulars	As at March 31, 2026	As at March 31, 2025
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
Subsidiaries	53.39	46.56
Jointly Controlled Entities	21.50	18.50
Investment in Debt Instruments		
Subsidiary	70.00	70.00
Total	144.89	135.06

7.1 Investment in subsidiaries and Jointly controlled entities

Particulars	Face value per share	As at March 31, 2026		As at March 31, 2025	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Equity Instruments - Equity Shares					
Subsidiary					
HTL Limited**	100	11,10,000	32.16	11,10,000	25.32
Polixel Security Systems Private Limited	10	1,80,856	12.05	1,80,856	12.05
Moneta Finance Private Limited	10	10,20,000	2.35	10,20,000	2.35
HFCL Advance Systems Private Limited	10	90,000	0.09	90,000	0.09
Raddef Private Limited	10	9,000	0.01	9,000	0.01
Less: Transferred to Current Investments (refer note 14)	10	(8,000)	(0.01)	-	-
DragonWave HFCL India Private Limited	10	70,00,000	5.74	70,00,000	5.74
HFCL Technologies Private Limited	10	10,00,000	1.00	10,00,000	1.00
HFCL B.V.	1 €	1	-	1	-
HFCL Inc.	1 \$	1	-	1	-
Jointly Controlled Entity					
Nimpaa Telecommunication Private Limited	10	10,00,000	1.00	10,00,000	1.00
BigCat Wireless Private Limited	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited - (Partly paid @ ₹ 9.00 per share (previous year: ₹ 6.50 per share) out of the face value of ₹ 10/- per share)	10	32,000	18.00	32,000	15.00

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Face value per share	As at March 31, 2026		As at March 31, 2025	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Debt Instruments - Optionally fully Convertible Debentures (OFCD)					
Subsidiary					
HFCL Technologies Private Limited ^{##}	1000	7,00,000	70.00	7,00,000	70.00
Total investments carrying value (at cost)			144.89		135.06
Aggregate carrying value of unquoted investments			144.89		135.06
Aggregate amount of impairment in value of investments			-		-

^{*}Includes share based payments to employees of subsidiary company and components of financial guarantee.

[#]Out of total 358500 Shares (Previous year: 358500 shares) are pledged as security for the Working Capital/Term Loan facility sanctioned by Banks to HTL Ltd.

^{##}Refer Note 48

7.2 Additional details of subsidiaries and jointly controlled entities

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Company		
			As at March 31, 2026	As at March 31, 2025	
Subsidiaries					
HTL Limited	Manufacturing of Optical Fiber Cable and Defence related products	India	74.00%	74.00%	
Polixel Security Systems Private Limited	EPC Business in Security and Surveillance	India	100.00%	100.00%	
Moneta Finance Private Limited	Finance business	India	100.00%	100.00%	
HFCL Advance Systems Private Limited	Manufacturing of Defence and Telecom Equipment	India	90.00%	90.00%	
Raddef Private Limited	Radio Communication Systems for Defence	India	90.00%	90.00%	
DragonWave HFCL India Private Limited	Radio Communication Systems	India	100.00%	100.00%	
HFCL Technologies Private Limited	Proposed Manufacturing of preform and manufacturing of Optical Fiber Cable	India	100.00%	100.00%	
HFCL B.V.	To cater the global demand of the products in the region	Netherlands	100.00%	100.00%	
HFCL Inc.	Sale of Optical Fibre Cable	USA	100.00%	100.00%	
Jointly controlled entities					
Nimpaa Telecommunication Private Limited	Manufacturing of FRP and ARP	India	50.00%	50.00%	
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%	



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2026	As at March 31, 2025
Quoted		
Investments - Others		
Investments in Equity instruments	57.63	111.66
Unquoted		
Investments - Others		
Investments in Equity instruments	0.06	19.14
Total	57.69	130.80

8.1 Detail of Non-Current Financial Assets - Investments

Particulars	Face value per share	As at March 31, 2026		As at March 31, 2025	
		No. of Shares	Amount	No. of Shares	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments - Quoted Equity Shares					
Exicom Tele-Systems Limited	10	75,62,676	57.63	75,62,676	111.66
			57.63		111.66
(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	0.06	4,000	0.05
HFCL Bezeq Telecom Limited	10	100	-	100	-
Nivetti Systems Private Limited*	1	-	-	2,17,594	19.09
			0.06		19.14
Total Investment FVTOCI			57.69		130.80
Aggregate carrying value of quoted investments			57.63		111.66
Aggregate carrying value of unquoted investments			0.06		19.14
Aggregate amount of impairment in value of investments			-		-

*The investment has been reclassified as current during the financial year pursuant to share purchase agreement entered into on September 2025 between the Company and the purchaser whereas the company has agreed to sell the above shares to purchaser in one or more tranches.

9 Non-Current Financial Assets - Loans

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, Considered Good		
Loans to related parties (refer note 51)	42.96	29.65
Loans to other body corporates	10.00	-
Total	52.96	29.65

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

10 Non-Current Financial Assets - Others

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed Deposits with Bank (maturity more than 12 months)*	25.26	56.31
Unsecured, Considered Good		
Security Deposit	11.36	14.27
Total	36.62	70.58

* Out of above, fixed deposits of ₹ 25.26 Crore (Previous year ₹ 51.31 Crore) are held as margin money/securities with banks.

11 Deferred tax assets/(liabilities)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:-

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	Total
As at 1 April, 2024	14.08	(91.92)	3.09	(74.75)
(Charged)/Credited:				
- to Statement of profit and loss	2.56	(39.01)	22.89	(13.56)
- to other comprehensive income	(0.30)	-	-	(0.30)
As at 31 March, 2025	16.34	(130.93)	25.98	(88.61)
(Charged)/Credited:				
- to Statement of profit and loss	1.89	(8.83)	17.48	10.54
- to other comprehensive income	(0.49)	-	-	(0.49)
As at March 31, 2026	17.74	(139.76)	43.46	(78.56)

12 Other Non-Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, Considered Good		
Prepaid Expenses	9.77	23.94
Capital Advances	10.77	19.56
Total	20.54	43.50

13 Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Inventories		
Raw Materials	128.61	129.36
Raw Materials in transit	39.81	28.43
	168.42	157.79
Work-in-progress	208.13	164.60
Finished goods	66.96	62.45
Stock-in-trade	689.85	330.94
Stock in trade in transit	9.47	0.59



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Stores and Spares	20.69	11.95
Loose tools	1.43	1.98
Others (Packing Material)	1.38	0.87
Total	1,166.33	731.17

Notes:

- (i) Work-in-progress includes contract work-in-progress of ₹ 142.32 Crore (Previous year: ₹ 131.32 Crore)

14 Current Financial Assets - Investments

Particulars	As at March 31, 2026	As at March 31, 2025
Quoted Investments		
(i) Investments in Mutual Funds	0.72	0.72
(ii) Investments in Equity Instruments -other	0.06	0.46
Un-Quoted Investments		
(i) Investments in Equity Instruments -Subsidiary	0.01	-
(ii) Investments in Equity Instruments -other	40.51	-
Total	41.30	1.18

14.1 Detail of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at Cost					
(i) Investments in equity instruments - Un-Quoted Investment					
Raddef Private Limited*	10	8,000	0.01	-	-
Financial assets carried at fair value through Statement of Profit or Loss (FVTPL)					
(i) Investments in mutual funds - Quoted Investment					
Axis Liquid Fund - Direct Growth [#]	1000	2,737	0.40	2,737	0.37
Quant Large Cap Fund - Regular Plan Growth	10	2,49,988	0.32	2,49,988	0.35
			0.72		0.72
Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)					
(i) Investment in equity instruments - Quoted Equity Shares					
Adinath Bio Labs Limited	1	64,08,000	-	64,08,000	-
Mavens Biotech Limited	1	17,000	-	17,000	-
Sumedha Fiscal Services Limited	10	18,200	0.06	18,200	0.12
Valiant Communications Limited	10	-	-	8,700	0.34
Media Matrix Worldwide Limited	1	4,750	-	4,750	-
Sahara One Media and Entertainment Limited	10	2,50,950	-	2,50,950	-
			0.06		0.46

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Face Value	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
(ii) Investment in equity instruments - Un-Quoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Nivetti Systems Private Limited	1	1,67,863	40.51	-	-
Rashel Agrotech Limited	10	4,78,500	-	4,78,500	-
			40.51		-
Total Investment FVTOCI			40.57		0.46
Total Current Financial Investments			41.30		1.18
Aggregate carrying value of quoted investments			0.78		1.18
Aggregate carrying value of unquoted investments			40.52		-
Aggregate amount of impairment in value of investments			-		-

[#]Pledged as security for term loan facility sanctioned by NBFC

*The Board of directors at its meeting held on 25th March 2026 has approved entering into MOU, the company proposes to transfer of the said investment to HFCL Advance Systems Pvt. Ltd. (90% Subsidiary of HFCL)

15 Financial Assets - Trade Receivables

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good	269.80	1,814.81	409.86	1,880.70
Which have significant increase in credit risk	-	29.55	-	26.98
Credit impaired	-	4.78	-	4.78
Less: expected credit loss allowance	-	(36.54)	-	(18.23)
Total	269.80	1,812.60	409.86	1,894.23
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	18.23	-	9.23
Add: Provided during the year	-	18.31	-	9.00
Less: Provision reversed	-	-	-	-
Balance at the end of the year	-	36.54	-	18.23

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

15.1 Ageing analysis of Trade Receivables as at March 31, 2026

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	1,458.50	226.16	103.59	182.85	22.89	80.85	2,074.84
- which have significant increase in credit risk	-	-	-	-	-	29.55	29.55
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	4.78	4.78
Total	1,458.50	226.16	103.59	182.85	22.89	124.95	2,118.94
Less: Amount disclosed under non-current financial assets							(269.80)
Less: Expected credit loss allowance of trade receivables							(36.54)
Total current trade receivables							1,812.60

Ageing analysis of Trade Receivables as at March 31, 2025

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,459.57	557.10	84.45	72.30	39.92	67.45	2,280.79
- which have significant increase in credit risk	-	-	-	-	-	26.98	26.98
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	4.78	-	4.78
Total	1,459.57	557.10	84.45	72.30	44.70	104.20	2,322.32
Less: Amount disclosed under non-current financial assets							(409.86)
Less: Expected credit loss allowance of trade receivables							(18.23)
Total current trade receivables							1,894.23

15.2 The credit period towards trade receivables related to turnkey projects generally depends upon 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 240 days from the date of invoices/achievement of specified milestones with the respective customers.

15.3 Above balance of trade receivable include amount recoverable from related parties (refer note 51)

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

16 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Balance with Banks in current account	17.38	32.74
Cash on hand	0.06	0.06
Fixed Deposits with Banks having maturity upto 3 months	-	25.00
Total	17.44	57.80

17 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed Deposits with Banks (Maturity less than 12 months)*	372.56	393.69
Balance with Bank in Dividend account**	0.99	1.03
Balance with Bank in QIP monitoring account**	6.26	3.95
Balance with Bank - CSR unspent** (refer note 53)	4.43	3.17
Total	384.24	401.84

* Out of above, fixed deposits of ₹ 281.96 Crore (Previous year ₹ 296.76 Crore) are held as margin money/securities with banks and fixed deposits of ₹ 65.42 Crore (Previous year ₹ 52.93 Crore) is made out of QIP fund and is pending to be utilised as per objects stated in the offer document.

** Balances coming in above accounts has restricted use.

18 Current Financial Assets - Loans

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Loans to related parties (refer note 51)	2.60	2.00
Loan to other body corporates	19.00	15.50
Total	21.60	17.50

19 Current Financial Assets -Other Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Security Deposits	415.37	417.14
Other Recoverable	44.50	58.24
Interest Receivables	50.52	51.61
Subsidy claim receivable from government	53.15	53.15
Receivables for sales of Investments	-	3.25
Total	563.54	583.39



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

20 Current Tax Assets (net)

Particulars	As at March 31, 2026	As at March 31, 2025
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	8.61	8.16
Total	8.61	8.16

21 Other Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Indirect tax recoverable	326.90	249.01
Deposit with Govt. Authorities under protest	7.14	1.85
Prepaid Expenses	36.68	32.95
Export Incentive receivable	12.22	1.85
Advance to Employees	17.14	19.00
Project and other vendor advances	738.73	484.43
Contract Assets-Unbilled revenue (refer Note 31)	905.67	652.52
Total	2,044.48	1,441.61

22 A. Share Capital

(i) Authorised Share Capital

	Equity Share Capital		Preference Share Capital	
	No. of Shares	Amount	No. of Shares	Amount
As at April 1, 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
Increase during the year	-	-	-	-
As at March 31, 2026	5,10,00,00,000	510.00	2,50,00,000	250.00

(ii) Shares issued, subscribed and fully paid-up

	Equity Share Capital		Preference Share Capital	
	No. of Shares	Amount	No. of Shares	Amount
As at April 1, 2024	1,44,00,54,012	144.01	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	9,18,800	0.09	-	-
Add: Shares issued during the year to warrant holders \$	17,00,000	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	5,97,500	0.06	-	-
As at March 31, 2025	1,44,20,75,312	144.21	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

	Equity Share Capital		Preference Share Capital	
	No. of Shares	Amount	No. of Shares	Amount
Add: Equity shares held in Trust during previous year under ESOP scheme*	5,97,500	0.06	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	8,79,29,651	8.79	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	3,38,800	0.03	-	-
As at March 31, 2026	1,53,02,63,663	153.03	-	-

*The Board of Directors of the Company, through its resolutions passed by circulation on July 15, 2021, and June 08, 2022, approved the allotment of 49,34,300 equity shares and 11,74,100 equity shares respectively to HFCL Employees Trust. This allocation was made for exchange of employee's stock options granted to eligible employees of the Company and its subsidiaries under the HFCL Employees' Long Term Incentive Plan – 2017.

**During the year, the Company has issued 8,79,29,651, equity shares of face value of ₹ 1 each at an issue price of ₹ 62.55/- per equity share (including premium of ₹ 61.55/- per equity share), aggregating to ~₹ 550.00 Crore (including securities premium of ₹ 541.21 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.

§The Allotment Committee (Warrants) of the Board of Directors of the Company at its meeting held on February 7, 2024, March 22, 2024 and April 11, 2024 has made allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares of the face value of ₹ 1/- each at a premium of ₹ 79 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares.

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2026		As at March 31, 2025	
	No. of share held	% of Holding	No. of share held	% of Holding
MN Ventures Private Limited	21,30,77,202	13.92	27,38,65,000	18.98
Nextwave Communications Private Limited	19,48,65,000	12.73	19,48,65,000	13.51
Quant Mutual Fund	10,00,37,652	6.54	12,26,36,920	8.50

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2026		As at March 31, 2025		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	6,45,000	0.04	26,45,000	0.18	(0.14)
Mahendra Nahata	13,35,091	0.09	13,35,091	0.09	-
MN Ventures Private Limited	21,30,77,202	13.92	27,38,65,000	18.98	(5.06)
NextWave Communications Private Limited	19,48,65,000	12.73	19,48,65,000	13.51	(0.78)
Fitcore Tech-Solutions Private Limited	2,21,50,000	1.45	2,21,50,000	1.54	(0.09)
Vinsan Brothers Private Limited*	-	-	6,71,600	0.05	(0.05)
Shanker Sales Promotion Private Limited*	-	-	3,00,201	0.02	(0.02)
Total	43,20,72,293	28.23	49,58,31,892	34.37	(6.14)

*Pursuant to the Scheme of Amalgamation dated July 8, 2024, which became effective on November 25, 2025, pursuant to the Order passed by the Hon'ble National Company Law Tribunal, New Delhi Bench ("NCLT") on October 9, 2025 and pronounced on October 16, 2025, Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited, Promoter Companies have merged with a member of our Promoter Group Entity namely Satellite Finance Private Limited. Further, pursuant to the aforesaid merger, 3,00,201 shares held by Shankar Sales Promotion Private Limited and 6,71,600 shares held by Vinsan Brothers Private Limited have been registered in favour of Satellite Finance Private Limited.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(v) Terms/right attached to Equity/Preference Shares -

The Company has issued equity share of ₹ 1/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up equity capital of the Company held by them. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

(vi) Shares reserved for issue under options:

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the previous financial year and options outstanding at the end of the reporting period, is set out in note 56.

B. Other Equity

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Retained Earnings	2,376.06	2,127.01
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	75.52	105.16
b. Foreign currency translation reserve	0.55	(1.32)
(iii) Other Reserves*		
a. Securities Premium	2,040.77	1,505.97
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.02	1.02
(iv) Money received against Convertible Warrants	-	-
Total	4,574.42	3,818.34

(1) *Brief description of Other Reserves:

- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each
- Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.

(i) Retained Earnings

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the reporting year	2,127.01	1,959.79
Add: Net profit for the year	252.87	194.75
Add/Less: adjustments for-		
Other Comprehensive Income for the year	1.47	0.90
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-
Dividend paid on Equity shares for previous year	(14.42)	(28.85)
Adjustment of dividend paid to ESOP trust	0.01	0.02
Transfer to Retained Earnings	9.12	0.40
Closing Balance	2,376.06	2,127.01

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(ii) Components of Other Comprehensive Income

Particulars	Foreign currency translation reserve	Changes in fair value of FVOCI equity instruments
As at April 1, 2024	(1.22)	141.88
Increase during the year	-	-
Decrease during the year	0.10	36.72
As at March 31, 2025	(1.32)	105.16
Increase during the year	1.87	-
Decrease during the year	-	29.64
As at March 31, 2026	0.55	75.52

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption Reserve	Employees Share based payment reserve
As at April 1, 2024	1,491.91	80.50	1.01
Increase during the year	15.24	-	-
Decrease during the year	1.18	-	-
As at March 31, 2025	1,505.97	80.50	1.01
Increase during the year	535.47	-	-
Decrease during the year	0.67	-	-
As at March 31, 2026	2,040.77	80.50	1.01

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2024	3.80
Increase during the year	10.20
Decrease during the year	14.00
As at March 31, 2025	-
Increase during the year	-
Decrease during the year	-
As at March 31, 2026	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

23 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Borrowings		
Term Loans from Banks*	236.46	251.46
Term Loans from Others*	113.06	65.19
Vehicle Loans from Banks	5.80	4.19
	355.32	320.84
Un-Secured		
Borrowings		
Term Loans from Banks*	154.83	99.62
Term Loans from Others	14.92	-
	169.75	99.62
Less: Current maturities of secured and un-secured borrowings	(190.55)	(91.92)
Total	334.52	328.54

* net off of ₹ 2.22 Crore (Previous year ₹ 3.11 Crore) as finance charge

Notes:

- Term Loan of ₹ 22.38 Crore (Previous year ₹ 37.12 Crore) and ₹ 169.69 Crore (Previous year ₹ 178.00 Crore) from the Banks are secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on plant & machinery of entire Optical Fibre Project Assets of Unit -1 and Unit -3, both present and future respectively, by way of equitable mortgage. The loans are further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of these term loans would be made in 28 structured quarterly instalments over a period of 7 years commencing after moratorium period i.e. 12 months after date of commencement of the project and 23 structured quarterly instalments over a period of 5 years & 9 months commencing after moratorium period i.e. 3 months after date of commencement of the project respectively.
- Term Loan of ₹ Nil (Previous year ₹ 9.13 Crore) from the Banks is secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on Plant & Machinery of entire Optical Fibre Cable Project Assets of Unit -2, both present and future, by way of equitable mortgage. The loan is further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of this term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period.
- Term Loan of ₹ 36.52 Crore (Previous year ₹ 22.07 Crore) from the Bank is secured by exclusive charge on plant & machinery financed out of the said Term Loan and residual charge on the current assets of the company, both present and future. The loan is further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of this term loan would be made in 16 equated quarterly instalments over a period of 4 years after moratorium period of 3 months.
- Term Loans of ₹ 7.87 Crore (Previous Year 5.14 Crore) from bank are secured by way of hypothecation of residential properties situated at Gurugram which is yet to be registered in the name of the Company.
- Term Loans of ₹ 52.83 Crore (Previous Year ₹ 65.19 Crore) 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- f) Term Loan of ₹ 60.23 Crore (Previous Year ₹ Nil) from other (NBFC) is secured by way of exclusive charge on Movable Fixed Assets funded through loan for IBR facility at Hyderabad and Goa Plants. 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 mutual fund "Axis Liquid Fund - Direct Growth" as referred in note 14. Repayment of this term loan would be made in 18 equated quarterly instalments over a period of 4.5 years.
- g) Vehicle Loans of ₹ 5.80 Crore (Previous Year ₹ 4.19 Crore) from banks are secured by way of hypothecation of respective vehicle.
- h) Out of total un-secured term loan from banks of ₹ 154.83 crore (Previous Year ₹ 99.62 Crore), term loan of ₹ 44.95 Crore (Previous Year ₹ 40.00 Crore) is guaranteed by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited.
- i) Total un-secured term loan from others of ₹ 14.92 crore (Previous Year ₹ Nil) is guaranteed by personal guarantee of Managing Director of the Company.
- j) Term and other Loans - Repayment schedule and rate of interest -

Particulars	Secured		Un-Secured
	Term Loan	Vehicle Loan	Term Loan
Rate of Interest	8.75% to 10.70%	7.50% to 9.70%	7.50% to 10.25%
Outstanding amount	349.52	5.80	169.75
Repayment Due			
FY 2026-27	77.24	1.73	111.59
FY 2027-28	98.62	1.63	46.66
FY 2028-29	79.58	1.11	11.50
FY 2029-30 and onwards	94.08	1.33	-

24 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	29.58	25.20
Provision for Leave Encashment	28.03	24.56
Total	57.61	49.76

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Borrowings - Loans repayable on demand		
Secured		
(i) from banks - Working Capital *	526.09	394.32
(ii) Current maturities of long-term borrowings (refer note 23)	78.97	81.92
Unsecured		
(i) from banks - Vendors bills discounting	234.03	152.46
(ii) from other parties - Inter Corporate Deposit #	203.82	129.51
(iii) Current maturities of long-term borrowings (refer note 23)	111.59	10.00
Total	1,154.50	768.21

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Notes:

- *a) Working Capital Loans from banks aggregating to ₹ 385.72 Crore (Previous year: ₹ 340.50 Crore) are secured on pari passu basis by way of hypothecation of all current assets of the company excluding assets of specific turnkey projects as well as by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of MN Ventures Private Limited.
- *b) Working Capital Loan from Bank aggregating to ₹ 140.37 Crore (Previous year: ₹ 53.82 Crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of specific turnkey projects. The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of MN Ventures Private Limited and first pari passu charge of cash flows of the project for project specific lenders.
- c) Unsecured vendor bills discounting is repayable on due dates as agreed with the respective banks.
- d) Quarterly returns/statements of current assets filed by the Company with banks are in agreement with the books of accounts.

#Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 12% to 15%.

26 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Payables - Undisputed		
Due to Micro and Small Enterprises (refer note 45)	94.49	61.70
Others	829.47	1,077.28
Total	923.96	1,138.98

Above balance of trade payable include amount payable to related parties (refer note 51)

Ageing of undisputed trade payables as at March 31, 2026

Description	Due to Micro and Small Enterprises	Others
Not due	89.80	631.83
Less than 1 year	3.61	167.73
1-2 years	1.08	9.46
2-3 years	-	6.03
More than 3 years	-	14.42
Total	94.49	829.47

Note: There are no disputed trade payables.

Ageing of undisputed trade payables as at March 31, 2025

Description	Due to Micro and Small Enterprises	Others
Not due	54.49	715.77
Less than 1 year	7.21	297.45
1-2 years	-	15.06
2-3 years	-	48.38
More than 3 years	-	0.62
Total	61.70	1,077.28

Note: There are no disputed trade payables.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

27 Other Financial Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Retention Money*	172.82	221.51
Security deposit	3.56	4.21
Creditors for Capital Goods	36.16	4.66
Expenses Payables	125.52	178.34
Other Employees related liabilities	19.93	18.64
Unpaid Dividends	0.99	1.03
Total	358.98	428.39

*retention money are due on completion of erection/contracts/final acceptance by the Company.

28 Current Tax Liabilities (Net)

Particulars	As at March 31, 2026	As at March 31, 2025
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	47.05	0.75
Total	47.05	0.75

29 Other Current Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory Liabilities payable	35.12	47.15
Advances from Customers	180.69	151.46
Contract Liability – Deferred revenue (refer Note 31)	23.75	18.48
Total	239.56	217.09

30 Current Liabilities - Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	5.92	4.75
Provision for Leave Encashment	6.55	10.41
Total	12.47	15.16

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

31 Revenue from operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale and Services		
- Manufacturing and trading activities	2,547.36	2,175.26
- Turnkey project related activities	1,963.55	1,614.07
Other Operating Revenues		
- Scrap sale	3.00	1.73
- Export Incentives	13.63	4.16
Total	4,527.54	3,795.22

Notes:

- While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115.
- Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, partial achievement of the stipulated contractual milestones, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 23.75 Crore (Previous year ₹ 18.48 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, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	652.52	376.89
Revenue recognised during the year	434.75	433.70
Invoices raised during the year	181.60	158.07
Balance at the end of the year	905.67	652.52

(b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	18.48	30.01
Increase due to revenue deferred during the year	23.75	-
Revenue recognised that was included in the unearned and deferred revenue*	18.48	11.53
Balance at the end of the year	23.75	18.48

*including performance obligation pertaining to projects suspended.

Revenues in excess of invoicing are classified as contract assets (which can also be referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be referred to as unearned revenues). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

32 Other Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Other non-operating income		
Interest Income	23.79	25.06
Financial Guarantee Income	7.14	7.03
Exchange Fluctuation Income (Net)	34.09	11.97
Insurance claim received	1.03	6.67
Excess Provision written back	0.01	0.68
Liquidated Damages recovered	-	5.60
Others	1.40	3.89
Total	67.46	60.90

33 Cost of Material Consumed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening Balance	157.78	126.94
Add: Purchases during the year	1,451.26	1,153.95
	1,609.04	1,280.89
Less: Closing Stock*	184.62	157.78
Total material consumed	1,424.42	1,123.11

*This includes inventory classified as assets held for sale (refer note 62)

34 Other Direct Cost

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Project and labour service charges	403.43	624.82
Consumption of Packing Material	48.14	29.11
Consumption of stores and spares parts	30.56	14.81
Loose Tools written off	0.55	0.76
Total	482.68	669.50

35 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Closing Stock		
Finished Goods	66.96	62.45
Stock in Trade- Goods	689.85	330.95
Work-in-progress	208.13	164.60
	964.94	558.00
Opening Stock		
Finished Goods	62.45	87.59
Stock in Trade- Goods	330.95	168.61
Work-in-progress	164.60	221.15
	558.00	477.35
Total	(406.94)	(80.65)



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

36 Employee Benefits Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and allowances	312.39	245.31
Contribution to Provident and other funds	13.27	12.95
Staff welfare expenses	15.25	14.42
Total	340.91	272.68

37 Finance Costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on Loan from Banks and others	93.12	49.20
Other Interest (net)	41.24	35.27
Bank Charges and loan processing fee	72.34	63.31
Interest on lease liabilities (refer note 43)	3.27	1.68
Total	209.97	149.46

38 Other Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	9.26	8.81
Rates and Taxes	8.89	8.37
Auditors' Remuneration		
- Audit Fees	1.66	1.58
- In Other Capacity*	0.07	0.07
- Out of pocket expenses	0.24	0.24
Legal and Professional Charges	91.96	75.81
Communication Expenses	3.20	3.11
Travelling and Conveyance Expenses	41.21	42.93
Power and Fuel & Water Charges	37.30	22.71
Repairs and Maintenance	13.92	10.87
Insurance Expenses	13.56	13.07
Selling and Distribution Expenses	154.97	44.69
Bad debts, Advances, other balances written off (net)	28.19	0.56
Expected credit loss allowance (net) (refer note 15)	18.31	9.01
Sitting Fees to non-executive directors	0.94	0.69
Loss on sale of Property Plant and equipment	2.04	0.76
Research & Product Development Expenses	1.71	6.10
Corporate Social Responsibility Expenses (refer note 53)	6.90	7.95
Miscellaneous Expenditure	26.47	21.34
Total	460.80	278.67

*Excluding Professional fee of ₹ 0.45 Crore (PY: ₹ Nil) paid to auditors towards QIP share issuance and being debited to share issue expenses during the year.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

39 Earning per Share (EPS) - In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Basic & Diluted Earnings per share:		
Profit for the year	252.87	194.76
Profit attributable to ordinary shareholders (A)	252.87	194.76
Weighted average number of ordinary shares (B) (used as denominator for calculating basic EPS)	1,46,62,81,321	1,44,26,30,894
Potential equity shares	-	-
Weighted average number of ordinary shares (C) (used as denominator for calculating diluted EPS)	1,46,62,81,321	1,44,26,30,894
Nominal value of ordinary share	₹ 1/-	₹ 1/-
Earnings per share - Basic (A/B)	1.72	1.35
Earnings per share - Diluted (A/C)	1.72	1.35

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. In applying its accounting policies, management has exercised significant judgement in determining the classification & presentation of the assets and liabilities in the financial statement.

The following are the key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

2. Recoverability of capital work-in-progress and intangible assets under development

The capitalisation of Capital Work-in-Progress and intangible assets under development is based on management's judgment that technological and economic feasibility has been established and that the assets are expected to generate future economic benefits. Based on the evaluations performed, management has determined that there are no indicators of impairment for these assets.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. Further, the Company has exercised judgement in, interpreting the provisions of the notified Labour Codes, particularly with respect to the definition of wages and assessing the impact of ongoing salary restructuring initiatives.

Given that detailed Central and State Rules and clarifications are still evolving, the Company continues to monitor regulatory developments. The ultimate impact on employee benefit obligations may differ from the amounts recognised as at the reporting date. The significant assumptions used to account for Employee benefits are described in Note 44.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

4. Revenue Recognition

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Judgement is also required to determine the transaction price for the contract. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

5. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Company has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

7. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

8. Contingencies

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

9. Fair Value of Unquoted equity investments

In order to arrive at the fair value of unquoted investments (other than subsidiaries and associates), the Company obtains independent valuations. The techniques used by the valuer is Asset approach - Net assets value method and Income approach- discounted cash flow method. The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

10. Assets held for sale

Management Judgment is required for identifying the assets which are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable which could lead to significant judgment. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

41 Research & Development

The Company has extensive research capabilities, continued innovation and unique capabilities as it is able to innovate and provide end to end solutions to its customers. R&D Centres of the company are focused on developing telecom, Defence and networking products to be intensively deployed in communication networks and are situated at Bengaluru (Karnataka), Gurugram (Haryana) and Hyderabad (Telangana). All 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, 2026	For the year ended March 31, 2025
(i) Recognised as expenses in statement of Profit & Loss	1.71	6.10
(ii) Capital Expenditure on:		
(a) Tangible Assets	1.05	5.62
(b) Intangible Assets	29.91	26.27
(c) Intangible Assets under development being expenditure on new product development	49.67	139.44
Total	82.34	177.44

42 Dividend Distribution made and proposed

The amount of dividend recognised as distributions to equity shareholders during the year ended March 31, 2026 is @ 10 %, i.e. ₹ 0.10/- per equity share of face value of ₹ 1/- each (Previous Year ₹ 0.20/- per equity share). The Board of Directors at its meeting held on May 22, 2025 had recommended such dividend of 10% for the financial year ended March 31, 2025 which was approved by the shareholders at the Annual General Meeting held on September 15, 2025. The aforesaid dividend was paid during the year ended March 31, 2026.

The Board of Directors have recommended a dividend of 20% (i.e. ₹ 0.20/- per equity share of face value of ₹ 1/- each) for the financial year ended March 31, 2026 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

43 Leases

The details of the right-of-use asset held by the Company is as follows:

	Additions/(Deductions) for the year ended March 31, 2026	Net carrying amount as at March 31, 2026	Additions/(Deductions) for the year ended March 31, 2025	Net carrying amount as at March 31, 2025
Land	-	0.08	-	0.08
Buildings	23.98	28.29	12.43	16.58
Total	23.98	28.37	12.43	16.66

Depreciation on right-of-use asset as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Land	-	-
Buildings	12.27	7.49
Total	12.27	7.49



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

The details of the Lease Liabilities of the Company is as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Current Liabilities	12.21	8.97
Non-Current Liabilities	18.80	9.73
Total	31.01	18.70

Interest on lease liabilities is ₹ 3.27/- Crore and ₹ 1.68/- Crore for the year ended March 31, 2026 and March 31, 2025 respectively.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract. The leases that the Company has entered with lessors towards properties used as warehouses/offices are long term in nature.

44 During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Statement of Profit and Loss for the year as under:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Employer's Contribution to Provident Fund	13.27	12.93

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.

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial assumptions		
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.70%	6.93%
Rate of increase in Compensation levels	7.57%	6.80%
Average remaining working lives of employees (Years)	16.76	17.22
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	33.36	30.52
Acquisition adjustment	Nil	Nil
Interest Cost	2.35	2.21
Past service cost (Vested Benefit)	-	-
Current Service Cost	5.06	4.72
Curtailment cost/(Credit)	5.13	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(4.59)	(2.71)
Actuarial (gain)/loss on obligations	(1.96)	(1.18)
Present value of obligation as at the end of the year	39.35	33.56

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Table showing changes in the fair value of plan assets:		
Fair value of plan assets at beginning of the year	3.61	3.35
Acquisition adjustments	Nil	Nil
Actual return of plan assets	0.24	0.24
Employer contribution	-	-
Benefits paid	-	-
Actuarial gain/(loss) on obligations	-	0.02
Charges deducted	-	-
Fair value of plan assets at year end	3.85	3.61
Other Comprehensive Income		
Actuarial (gain)/loss for the year - Obligation	(1.96)	(1.18)
Actuarial (gain)/loss for the year - Plan assets	-	(0.02)
Total (gain)/loss for the year	(1.96)	(1.20)
Actuarial (gain)/loss recognised in the year	(1.96)	(1.20)
Unrecognised actuarial (gains)/losses at the end of the year	Nil	Nil
The amounts to be recognised in Balance Sheet:		
Present value of obligation as at the end of the year	39.35	33.56
Fair value of plan assets as at the end of the year	3.84	3.61
Funded Status	(35.51)	(29.95)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(35.51)	(29.95)
Expenses recognised in Statement of Profit and Loss:		
Current service cost	5.06	4.72
Past service cost (Vested Benefit)	-	-
Interest Cost	2.35	2.21
Actual return on plan assets	(0.24)	(0.26)
Curtailment and settlement cost/(credit)	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	7.17	6.67
Table showing bifurcation of employee benefits obligations		
Current Liability	5.92	4.75
Non-Current Liability	29.58	25.20
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	39.36	33.56
Impact due to increase of 0.5%	(1.45)	(1.28)
Impact due to decrease of 0.5%	15.46	1.37
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	39.36	33.56
Impact due to increase of 0.5%	1.54	1.36
Impact due to decrease of 0.5%	(1.46)	(1.29)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Maturity profile of defined benefit obligation:		
March 2026 to March 2027	5.92	4.75
March 2027 to March 2028	3.45	2.39
March 2028 to March 2029	2.55	2.67
March 2029 to March 2030	2.09	1.99
March 2030 to March 2031	2.62	1.70
March 2031 to March 2032	2.40	2.04
March 2032 onwards	20.31	18.02
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.84	3.61

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuarial Valuer.

c) Other Long Term Employee Benefits

Particulars	Leave Encashment	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial assumptions		
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.70%	6.93%
Rate of increase in Compensation levels	7.57%	6.80%
Average remaining working lives of employees (Years)	17.71	17.71
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	34.80	28.78
Acquisition adjustment	Nil	Nil
Interest Cost	2.42	2.08
Past service cost (Vested Benefit)	-	-
Current Service Cost	5.97	6.06
Curtailment cost/(Credit)	3.42	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(11.47)	(5.21)
Actuarial (gain)/loss on obligations	(0.55)	3.27
Present value of obligation as at the end of the year	34.59	34.98
Table showing bifurcation of employee benefits obligations		
Current Liability	6.55	10.42
Non-Current Liability	28.03	24.56
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	34.59	34.98

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Leave Encashment	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial assumptions		
Impact due to increase of 0.5%	1.42	(1.28)
Impact due to decrease of 0.5%	1.53	1.39
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	34.59	34.98
Impact due to increase of 0.5%	1.53	1.38
Impact due to decrease of 0.5%	(1.42)	(1.29)
Sensitivities due to mortality and withdrawals are insignificant & hence ignored.		

- d) On November 21, 2025, the Government of India notified four Labour Codes, effective immediately, subsuming the existing 29 labour laws. In accordance with Ind AS 19 – Employee Benefits, changes to employee benefit obligations arising from legislative amendments are treated as plan amendments, requiring immediate recognition of past service cost in the Statement of Profit and Loss, consistent with guidance issued by the Institute of Chartered Accountants of India. This has resulted in a net increase of ₹8.46 crore in the provision for gratuity and remeasurement of leave encashment, which has been recognised as employee benefit expense during the year. The Company is in process of salary restructuring exercise in compliance with the notified Labour Codes and continues to monitor the finalisation of Central and State Rules and any further clarifications issued by the Government in respect of the Labour Codes.

45 Disclosure as required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

Particulars	As at March 31, 2026	As at March 31, 2025
Principal amount due to micro and small enterprises*	94.49	61.70
Interest due on above	-	-
Interest paid during the period beyond the appointed day	-	-
Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

Note: The above information and that given in Note No. 26 'Trade Payables' regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

*Includes amount of ₹ 89.80 Crore (Previous year ₹ 54.48 Crore) outstanding, but not overdue to micro and small enterprises as on 31 March 2026

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

46 Operational Buyers' Credit and Supplier Financing Arrangement

Operational Buyers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 4.50%-8.50% per annum. These trade credits are generally repayable within 240 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.

The Company participates in a supply chain financing (SCF) arrangement with a bank. Under this arrangement, the bank pays amounts to participating suppliers on behalf of the Company in respect of invoices raised and subsequently recovers the settlement from the Company at a later date.

The arrangement was initiated by the Company with the objective of supporting its working capital management. As part of the arrangement, the Company is able to avail an extended credit period of up to six months, compared to the normal contractual credit period of 30-120 days agreed with suppliers. In return for this extended credit period, the Company bears an interest cost payable to the finance provider.

Accordingly, the Company has shown the related liabilities under borrowings and operational buyers' credit.

Particulars	March 31, 2026	April 01, 2025
Carrying amount of financial liabilities under Supplier Finance Arrangement	381.68	314.66
- Presented under borrowings	234.03	152.46
- Presented under operational buyers' credit	147.65	162.20
Out of above supplier have received payment from finance provider	381.68	314.66
Contractual credit period agreed with the suppliers that are not part of the arrangement	30-120 days from Invoice date	
Extended credit period availed under supplier financial arrangement	120-240 days from Invoice date	

47 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Unexpired Letters of Credit (margin money kept by way of fixed deposits of ₹ 48.85 Crore; Previous year ₹ 23.43 Crore)	307.19	164.30
(ii) Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits of ₹ 102.67 Crore; Previous year ₹ 157.26 Crore)	731.00	925.17
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 7.14 Crore; (Previous year ₹ 1.85 Crore)	69.98	45.48

Notes:

- The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.
- The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- The Company has provided guarantees to third parties on behalf of subsidiary and associates. The Company does not expect any outflow of resources in respect of such guarantees.
- The Company has outstanding term derivative contracts as referred in Note 59.
- There has been no delay in transferring amounts, required to be transferred if any, to the Investor Education and Protection Fund by the Company.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(b) Capital and Other Commitments

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	264.39	193.04
Benefit of custom duty availed against which export obligations are pending	70.75	53.08
Uncalled capital commitment pertaining to investments	2.00	5.00

(c) Detail of Financial Guarantees given

Issued in favour of	Issued to	As at March 31, 2026 (₹)	As at March 31, 2025 (₹)	Purpose
Microwave Communications Limited	Credit Lyonnais bank	9.60	9.60	Ad-hoc B/G
Microwave Communications Limited	The Vysya Bank Ltd	4.06	4.06	Working Capital
Exicom Tele-systems Limited	Punjab National Bank led consortium	6.50	6.50	Working Capital
HTL Limited	SBICAP Trustee Company Limited (on behalf of SBI led consortium)	428.02	378.02	Term loan/ Working Capital
HTL Limited	Axis Finance Ltd	143.00	113.00	Term Loan

48 During the previous year, the company had been allotted 7,00,000 unsecured, 0% Optionally Fully Convertible Debentures (OFCDs) of face value ₹ 1,000/- each, issued by its wholly owned subsidiary, against the conversion of loans and advances amounting to ₹ 70.00 Crore previously extended by the company to the said subsidiary. The said instruments are convertible at the option of the holder after expiry of 10 years.

49 In the opinion of the Board, all assets other than property, plant and equipment and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

Balances of some trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Financial Statements.

50 The Company's manufacturing facility at Solan has been operating at a significantly reduced capacity due to rapid technological advancements and changes in the industry landscape. The facility is currently primarily engaged in job work operations. The Management is currently evaluating various strategic options with respect to the Solan plant, including the possibility of discontinuation of operations and disposal of the related assets.

Based on management assessment, the recoverable amount of the assets has been evaluated and impairment loss, if any, has been recognised in the Statement of Profit and Loss. As at the reporting date, the criteria for classification of assets as "held for sale" under Ind AS 105 have not been met. Accordingly, these assets continue to be classified under property, plant and equipment in accordance with Ind AS 16.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

51 "Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Name and description of related parties.

Relationship	Name of Related Party
(a) Subsidiaries:	HTL Limited Moneta Finance Private Limited HFCL Advance Systems Private Limited Polixel Security Systems Private Limited DragonWave HFCL India Private Limited Raddef Private Limited HFCL Technologies Private Limited HFCL Inc. - United States of America HFCL B.V. - Netherland
(b) Step down Subsidiary:	HFCL Canada Inc. HFCL Poland Sp. z.o.o. (Liquidated w.e.f. January 02, 2026) HFCL UK Limited HFCL Pty Limited (w.e.f. October 28, 2024)
(c) Jointly controlled entity:	Nimpaa Telecommunications Private Limited BigCat Wireless Private Limited
(d) Key management personnel:	Mr. Mahendra Nahata (Managing Director) Mr. Vijay Raj Jain (Chief Financial Officer) Mr. Manoj Baid (President & Company Secretary)
(e) Post Employment Benefit Plans	HFCL Employees Group Gratuity Trust HFCL Employees Trust - ESOP
(f) Enterprises owned or Significantly influenced by key management personnel or their relatives.	MN Ventures Private Limited Nextwave Communications Private Limited. Exicom Tele-Systems Limited Exicom Energy System Private Limited Exicom Power Systems Private Limited Satellite Finance Private Limited Shankar Sales Promotion Private Limited (Merged with Satellite Finance Private Limited w.e.f. November 25,2025) Vinsan Brothers Private Limited (Merged with Satellite Finance Private Limited w.e.f. November 25,2025) Fitcore Tech-Solutions Private Limited Media Matrix Worldwide Limited Evanser Spaces LLP
(g) Relative of Key Managerial personnel	Mr. Anant Nahata

Note: Related party relationship is as identified by the Company and relied upon by the auditors

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- (ii) **Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at March 31, 2026 are as under:**

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Purchases/receiving of Goods & Services		
HTL Limited	419.41	218.94
Polixel Security Systems Private Limited	0.03	0.56
Raddef Private Limited	7.41	5.00
DragonWave HFCL India Private Limited	-	0.60
HFCL B.V.	11.26	15.42
HFCL Inc.	2.75	9.28
Exicom Tele-systems Limited	64.43	11.24
HFCL Technologies Private Limited	5.08	0.19
Sales/rendering of Goods & Services		
HTL Limited	197.77	86.34
HFCL Technologies Private Limited	5.61	0.75
Exicom Tele-systems Limited	0.13	0.20
HFCL Inc.	1,205.45	44.03
Income - Rent/Other Income		
HTL Limited	6.84	6.25
Exicom Tele-systems Limited	0.47	0.47
Exicom Energy System Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
MN Ventures Private Limited	0.01	-
Nextwave Communications Private Limited.	0.01	-
Raddef Private Limited	0.05	-
Media Matrix Worldwide Limited	0.03	-
HFCL Advance Systems Private Limited	0.01	0.01
Income - Interest on loan given		
HTL Limited	2.45	4.05
Nimpaa Telecommunications Private Limited	0.08	0.17
Raddef Private Limited	0.18	0.18
HFCL Technologies Private Limited	1.08	3.85
Expenses - Rent/Other expenses		
Exicom Tele-systems Limited	0.92	0.92
Satellite Finance Private Limited	0.39	0.39
Shankar Sales Promotion Private Limited	-	0.20
Vinsan Brothers Private Limited	-	0.19
Evanser Spaces LLP	1.52	1.12
Investments in Debt Instruments (on conversion of Loan)		
HFCL Technologies Private Limited	-	70.00
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(0.15)	(1.75)
HTL Limited	-	(72.00)
HFCL Technologies Private Limited	14.06	13.44



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata (Managing Director)	-	0.15
Mr. Manoj Baid (President & Company Secretary)	0.50	0.25
Dividend paid		
MN Ventures Private Limited	2.21	5.92
Nextwave Communications Private Limited.	1.95	4.00
Shankar Sales Promotion Private Limited	-	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.22	0.44
Mr. Mahendra Nahata (Managing Director)	0.01	0.03
Mr. Anant Nahata (Relative of Key Managerial personnel)	0.01	0.05
Mr. Vijay Raj Jain (Chief Financial Officer)	0.02	0.04
Mr. Manoj Baid (President & Company Secretary)	-	0.01
HFCL Employees Trust	0.01	0.01
Closing Balances of Trade Receivables		
Exicom Tele-systems Limited	7.59	-
Nimpaa Telecommunications Private Limited	-	0.02
Raddef Private Limited	-	0.08
HTL Limited	2.73	69.98
HFCL Technologies Private Limited	0.44	0.88
HFCL B.V.	1.99	1.99
HFCL Inc.	551.13	46.66
Closing Balances of Loans		
HTL Limited	24.50	24.50
Raddef Private Limited	2.00	2.00
Nimpaa Telecommunications Private Limited	0.60	0.75
HFCL Technologies Private Limited	18.46	4.40
Interest Receivable		
Nimpaa Telecommunications Private Limited	0.05	0.02
Closing balances of Security deposit given/(taken)		
Raddef Private Limited	(0.04)	-
Satellite Finance Private Limited	0.16	0.16
Evanser Spaces LLP	0.38	0.38
HTL Limited	0.73	-
Exicom Tele-systems Limited	0.42	0.42
Closing Balances of Trade payables		
HTL Limited	72.66	143.47
Polixel Security Systems Private Limited	0.23	0.19
Raddef Private Limited	0.31	-
DragonWave HFCL India Private Limited	1.20	1.35
MN Ventures Private Limited	0.70	3.44
HFCL Technologies Private Limited	-	0.22
HFCL Inc.	-	0.89
Exicom Tele-systems Limited	-	0.56

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Contribution towards ESOP Trust		
Loan to HFCL Employees Trust (net)	0.83	1.33
Guarantees and collaterals given		
Exicom Tele-systems Limited	6.50	6.50
HTL Limited	571.02	491.02
Closing balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	0.47	5.36
Mr. Manoj Baid (President & Company Secretary)	0.75	0.25
Remuneration of Key Management Personnel*		
Mr. Mahendra Nahata (Managing Director)	12.07	7.50
Mr. Vijay Raj Jain (Chief Financial Officer)	4.42	3.20
Mr. Manoj Baid (President & Company Secretary)	1.29	0.76
Remuneration Payable to Key Management Personnel's		
Mr. Mahendra Nahata (Managing Director)	0.13	0.72
Mr. Vijay Raj Jain (Chief Financial Officer)	0.22	0.13
Mr. Manoj Baid (President & Company Secretary)	0.09	0.04

*The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Major Terms and Conditions of transactions with related parties:

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- The remuneration to Key Managerial Personnel are in line with the HR policies of the company.
- Loans and advances given to Directors/KMPs have specified terms/period of repayment and are in line with HR policies of the Company.
- The company makes advances to its associate companies to cater their short term business requirements. Such advances carry interest rates at the rate applicable to the term loans as per Company's policy.
- The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Company and dividend paid on such securities is uniformly applicable to all the holders.
- Outstanding balances of group companies at the year-end are unsecured.

52 Segment Reporting

The Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

53 Corporate social responsibility expenses:

		Year ended March 31, 2026	Year ended March 31, 2025
Gross amount to be spent by the Company during the year		6.85	7.91
Amount approved by the Board to be spent during the year		6.90	7.95
Amount spent during the year:			
Contribution on acquisition of assets	-		
On other purposes	1.30		
5% of CSR obligation as spent on overhead expenses	0.34	1.64	1.60
Shortfall at the end of the year		5.26	6.35
Total Previous year shortfall*		4.42	3.17
Reason for shortfall		Pertains to ongoing CSR project	Pertains to ongoing CSR project
Nature of CSR activities		Healthcare, Education, Care for the elderly etc.	Healthcare, Education, Care for the elderly etc.
Details of related party transactions, e.g. contribution to a trust controlled by the company			
- HFCL Social Service Society		-	-
Provision made with respect to a liability incurred by entering into a contractual obligation			
Opening Balance		9.52	6.55
Add: Provision made during the year		5.26	6.35
Less: Payment made during the year		5.10	3.38
Closing Balance		9.68	9.52

54 Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 5.91/- Crore (Previous year ₹ 9.90/- Crore).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- 55** The Company has transactions with certain companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. The details are as following details:

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2026	Relationship with the Struck off company, if any, to be disclosed
B.S. Investment Company Pvt. Ltd.	Shareholder	-	Not Related
Ramdayal Associates Limited	Shareholder	-	Not Related
Canny Securities Private Limited	Shareholder	-	Not Related
Surakshit Securities Private Limited	Shareholder	-	Not Related
Aakansha Portfolio Private Limited	Shareholder	-	Not Related
Chothani Fibres Private Limited	Shareholder	-	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	-	Not Related
Indigo Exims India Private Limited	Shareholder	-	Not Related
Ankal Capital Limited	Shareholder	-	Not Related
Farhan Traders Private Limited	Shareholder	-	Not Related
Highlands Garments Pvt Ltd	Shareholder	-	Not Related
Home Trade Limited	Shareholder	-	Not Related
Bdja Securities Private Limited	Shareholder	-	Not Related
Pegasus Mercantile Private Limited	Shareholder	-	Not Related
Shahuji Global Solution Private Limited	Shareholder	-	Not Related
Vaishak Shares Limited	Shareholder	-	Not Related
Shri Funpoint Limited	Shareholder	-	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, 2025	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	-	Not Related
Acmechem Pvt Ltd	Shareholder	-	Not Related
Advait Finstock Private Limited	Shareholder	-	Not Related
Ankal Capital Limited	Shareholder	-	Not Related
Asha Latex & Allied Industries Pvt Ltd	Shareholder	-	Not Related
B S Investment Co.(P) Ltd.	Shareholder	-	Not Related
B S Investment Company Private Limited	Shareholder	-	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	-	Not Related
Bdja Securities Pvt Ltd	Shareholder	-	Not Related
Blue Mountain Holdings Private Limited	Shareholder	-	Not Related
Canny Securities Private Limited	Shareholder	-	Not Related
Chothani Fibres Pvt Ltd	Shareholder	-	Not Related
Citizen Securities Private Limited	Shareholder	-	Not Related
Classic Fin Services & Entp Ltd	Shareholder	-	Not Related
Dapki And Bavishi Securities Pvt. Ltd	Shareholder	-	Not Related
Emmel Financial Services	Shareholder	-	Not Related
Esskyennr Securities Limited	Shareholder	-	Not Related
Excel Capital Services P Ltd	Shareholder	-	Not Related



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Exponential Financial Services Pvt Ltd	Shareholder	-	Not Related
Farhan Traders Pvt Ltd	Shareholder	-	Not Related
G- Mat Trading Pvt Ltd	Shareholder	-	Not Related
Highlands Garments Pvt Ltd	Shareholder	-	Not Related
Home Trade Limited	Shareholder	-	Not Related
Indiana International Private Limited	Shareholder	-	Not Related
Indigo Exim Pvt Ltd	Shareholder	-	Not Related
Jai Sri Securities	Shareholder	-	Not Related
Jalsagar Commercial Private Ltd	Shareholder	-	Not Related
Kanha Shares Pvt Ltd	Shareholder	-	Not Related
Krishna Hire Purchase Private Limited	Shareholder	-	Not Related
Lakshana Holdings (P) Ltd	Shareholder	-	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	-	Not Related
Malnad Investors Association Ltd	Shareholder	-	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	-	Not Related
N D Stocks Private Limited	Shareholder	-	Not Related
N.R.I Financial Services Ltd	Shareholder	-	Not Related
Nightingale Engg Inds Ltd	Shareholder	-	Not Related
Ramdayal Associates Ltd	Shareholder	-	Not Related
S J Capital Ltd	Shareholder	-	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	-	Not Related
Salasar Securities Pvt Ltd	Shareholder	-	Not Related
Shanker Stock & Capital Services Private Limited	Shareholder	-	Not Related
Spica Software Private Limited	Shareholder	-	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	-	Not Related
Sun Shine Holdings Pvt Ltd	Shareholder	-	Not Related
Sunpack Industries Private Limited	Shareholder	-	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	-	Not Related
The Punjab Electric Power Co Ltd	Shareholder	-	Not Related
The Secured Savings And Investment Ltd	Shareholder	-	Not Related
Vinod Housing Pvt Ltd	Shareholder	-	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	-	Not Related
Woodmen Products (P) Ltd	Shareholder	-	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	-	Not Related
Yash Vardhan Securities Ltd	Shareholder	-	Not Related
Zenith Logistics Private Limited	Shareholder	-	Not Related
Curinnov Services Private Limited	Vendor	0.02	Not Related
E Cell Infratel Pvt Ltd	Vendor	0.01	Not Related
Influx Enterprises Pvt Ltd	Vendor	1.49	Not Related
Om Ashiana Pvt Ltd	Vendor	-	Not Related
Omega Towers And Infrastructures	Vendor	0.24	Not Related

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Megastar Power Engineers Pvt	Vendor	0.05	Not Related
Vas Infratel Pvt Ltd	Vendor	0.04	Not Related
Anushree Transtrade Pvt Ltd	Vendor	0.01	Not Related
Swastika Tele Solutions Pvt Ltd	Vendor	-	Not Related
Pragmatica Infraventures Pvt Ltd	Vendor	0.21	Not Related
Aitmad Infrastructure Pvt Ltd	Vendor	0.03	Not Related
Himalayan Infracom Pvt Ltd	Vendor	-	Not Related
City Drilling Projects Pvt Ltd	Vendor	0.06	Not Related
Pc Infradevelopers Pvt Ltd	Vendor	0.15	Not Related
Samay Infratech Private Ltd	Vendor	0.08	Not Related
Ht Infratech Services Pvt Ltd	Vendor	0.07	Not Related

- 56** On October 15, 2018, pursuant to the approval by the shareholders, the Board has been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹ 20.65 per share. The Employee can exercise the vested options/units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted shall vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3rd year and remaining 30% RSUs shall vest at the end of 4th year from the date of grant.

The RSUs granted under the HFCL Plan 2017 were forfeited due to non-achievement of defined annual performance parameters as determined by the Nomination, Remuneration and Compensation Committee in its meeting held on April 23, 2022 and accordingly as on March 31, 2022 the share based payment reserve was adjusted. During FY 21-22, this cancellation/forfeiture of unvested options had resulted into a reversal of share based payment expense in the Standalone Statement of Profit and Loss.

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

The activity in the HFCL Plan 2017 for equity-settled, share-based payment transactions during the years ended March 31, 2026 and March 31, 2025 is as follows:

Particulars	Shares arising out of options*	
	Year ended March 31, 2026	Year ended March 31, 2025
Employee Stock Options (ESOPs)		
Outstanding at the beginning	4,86,100	10,65,800
Granted	-	-
Exercised	2,58,700	3,21,300
Forfeited and expired	40,500	2,58,400
Outstanding at the end	1,86,900	4,86,100
Exercisable at the end	1,86,900	4,86,100

*Includes options granted to employees of subsidiary company



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

The details of equity-settled ESOPs outstanding as at March 31, 2026 are as follows:

Range of exercise prices per share	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
20-25 (ESOPs)	1,86,900	1	20.65

57 Particulars in respect of loans and advances in the nature of loans to related parties as required under Regulation 34(3) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Name of the Company	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2026	March 31, 2025	2025-26	2024-25
HTL Limited	24.50	24.50	24.50	96.50
HFCL Technologies Private Limited	18.46	4.40	18.46	70.94
Raddef Private Limited	2.00	2.00	2.00	2.00
Nimpaa Telecommunications Private Limited	0.60	0.75	0.75	2.50

Details of loans given, investment made and guarantees given, covered under Section 186(4) of the Companies Act, 2013

- Loans given (refer notes 9 and 18) and investments (refer note 7, 8 and 14) made are given under the respective heads. These loans has been granted for general corporate purpose, capital expenditure and working capital requirements.
- Corporate guarantees have been issued on behalf of subsidiary companies, details of which are given in related party transactions. Refer note 50
- In addition to above, Company has given corporate Guarantee of ₹ 13.66 crore to other Body Corporate

58 Financial Instruments and risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, lease liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

58.1 Financial Instruments by category

Particulars	As at March 31, 2026			As at March 31, 2025		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	57.69	-	-	130.80	-
ii) Structured entity (current assets)						
a) Sumedha Fiscal Services Limited	-	0.06	-	-	0.12	-
b) Valiant Communications Limited	-	-	-	-	0.34	-
c) Media Matrix Worldwide Limited	-	-	-	-	-	-
d) Sahara One Media and Entertainment Limited	-	-	-	-	-	-
e) Nivetti Systems Private Limited	-	40.51	-	-	-	-
f) Raddef Private Limited	-	-	0.01	-	-	-
B) Mutual funds	0.72	-	-	0.72	-	-
II) Trade receivables	-	-	2,082.40	-	-	2,304.07
III) Bank deposits	-	-	25.26	-	-	56.31
IV) Cash and Cash equivalents	-	-	17.44	-	-	57.80
V) Other Bank balances	-	-	384.24	-	-	401.84
VI) Security deposit for utilities and premises	-	-	415.37	-	-	417.14
VII) Other receivables	-	-	234.09	-	-	227.67
Total financial assets	0.72	98.26	3,158.81	0.72	131.26	3,464.83
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	1,157.23	-	-	802.44
B) From Others	-	-	316.88	-	-	129.51
II) Obligations under Finance Lease	-	-	31.01	-	-	18.70
III) Operational Buyers' Credit	-	-	147.65	-	-	162.20
IV) Retention Money	-	-	172.82	-	-	221.51
V) Trade payables	-	-	923.96	-	-	1,138.98
VI) Other liabilities	-	-	201.09	-	-	371.69
Total Financial liabilities	-	-	2,950.64	-	-	2,845.03

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.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(a) Year Ending March 31, 2026

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2026	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.06	-	-
b) Valiant Communications Limited	14	-	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) Sahara One Media and Entertainment Limited	14	-	-	-
e) Exicom Tele-Systems Limited	8	57.63	-	-
f) The Greater Bombay Co-Op Bank Limited	8	-	-	0.06
g) Nivetti Systems Private Limited.	8	-	-	40.51
Total Financial Assets		58.41	-	40.57

(b) 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				
Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.12	-	-
b) Valiant Communications Limited	14	0.34	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) Sahara One Media and Entertainment Limited	14	-	-	-
e) Exicom Tele-Systems Limited	8	111.66	-	-
f) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
g) Nivetti Systems Private Limited	8	-	-	19.09
Total Financial Assets		112.84	-	19.14

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

58.2 MANAGEMENT OF FINANCIAL RISK

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2026					
Trade payables	26	923.96	923.96	-	923.96
Retention Money	27	172.82	172.82	-	172.82
Other liabilities	23, 25, 27, 43, 47	1,853.86	1,500.54	353.32	1,853.86
As at March 31, 2025					
Trade payables	26	1,138.98	1,138.98	-	1,138.98
Retention Money	27	221.51	221.51	-	221.51
Other liabilities	23, 25, 27, 43, 47	1,484.53	1,146.26	338.27	1,484.53

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI & FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2026 and March 31, 2025.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
PRICE RISK		
Exposure in Equity		
The Company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits as per the risk management policies.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.
Equity Price Risk is related to the change in market reference price of the investments in equity securities.	The use of any new investment must be approved by the Management.	If the equity prices had been 10% higher/lower: Total comprehensive income for the year ended March 31, 2026 would increase/decrease by ₹ 9.90/- Crore (for the year ended March 31, 2025: increase/decrease by ₹ 13.20/- Crore) as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.	In order to manage its interest rate risk, the Company diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional ₹ 3.73/- Crore loss for year ended March 31, 2026 (₹ 2.74/- Crore loss for year ended March 31 2025).

Liquidity Risk

The Company has extended its credit facilities under supplier financing arrangements to support better working capital planning. It ensures that sufficient liquidity is maintained to settle these obligations with financing institutions on their revised due dates, thereby mitigating risks related to concentration and potential timing mismatches in cash outflows.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The following table provides detail of the debt and equity at the end of the reporting period:

Particulars	As at March 31, 2026	As at March 31, 2025
Debt	1,489.02	1,096.75
Less: Cash and Cash equivalents (Note 16)	(17.44)	(57.80)
Net Debt	1,471.58	1,038.95
Total Equity	4,727.45	3,962.56
Net Debt to Equity Ratio	0.31	0.26

58.3 Analytical Ratios

Ratio Analysis	Numerator	Denominator	Current Year	Previous Year	% Variance	Reason for variance
Current ratio (in times)	Total Current assets	Total Current liability	2.09	1.87	12%	Not Applicable as change is less than 25%
Debt- Equity ratio (in times)	Total Debt	Total Equity	0.31	0.28	11%	Not Applicable as change is less than 25%
Debt service coverage ratio (in times)	Net Profit after taxes + Depreciation and other amortisations + Interest + Loss on sale of Fixed assets	Interest and Lease Payments + Principle Payments	3.41	3.01	13%	Not Applicable as change is less than 25%
Return of equity ratio (in %)	Net Profit after Taxes	Average Total Equity	5.82	5.00	16%	Not Applicable as change is less than 25%
Inventory turnover ratio (in times)	Cost of Goods sold	Average Inventory	3.29	4.19	-21%	Not Applicable as change is less than 25%
Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade receivables	2.06	1.53	35%	Due to increase in profit and decrease in receivable balance



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Ratio Analysis	Numerator	Denominator	Current Year	Previous Year	% Variance	Reason for variance
Trade payables turnover ratio (in times)	Total Purchases	Average Trade payables	3.42	2.95	16%	Not Applicable as change is less than 25%
Net working Capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1.63	1.66	-2%	Not Applicable as change is less than 25%
Net profit ratio (in %)	Net profit for the year	Revenue from operations	5.59	5.13	9%	Not Applicable as change is less than 25%
Return on capital employed (in %)	Net Profit before Interest & Tax	Average Capital Employed (i.e. Networth plus total debt)	11.06	9.15	21%	Not Applicable as change is less than 25%
Return on investment (in %)	Income generated from invested funds	Average invested fund in Investments	(12.43)	(29.22)	-57%	Due to negative return on investments

59 Foreign Currency Exposure

- a) The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy, which provides principles on the use of such forward contracts consistent with Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

- b) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Details of outstanding Hedging Contracts relating to Foreign LCs

Particulars	As at March 31, 2026		As at March 31, 2025	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	1,09,81,417	100.32	90,89,216	77.22

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

c) Foreign Currency exposure

Particulars		As at March 31, 2026		As at March 31, 2025	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	5,57,57,900	530.48	6,01,48,763	516.08
	EUR/INR	35,67,155	39.06	13,56,888	12.58
	GBP/INR	19,16,608	24.17	1,46,087	1.62
	MUR/INR	-	-	5,56,122	0.10
	BDT/INR	34,94,212	0.27	1,59,05,658	1.13
	SGD/INR	-	-	9,075	0.06
	CHF/INR	-	-	1,21,485	1.19
Trade receivable	USD/INR	5,65,19,577	533.71	1,74,41,449	148.64
	EUR/INR	51,64,246	55.86	53,97,077	49.44
	GBP/INR	21,49,742	26.82	41,45,342	45.67
	MUR/INR	-	-	-	-
	BDT/INR	3,61,00,372	2.74	3,61,00,372	2.53
	AUD/INR	3,55,691	2.29	9,288	0.05
	AED/INR	1,11,243	0.28	1,11,243	0.26
Cash and Bank Balances	GBP/INR	3,68,855	4.60	5,36,014	5.91
	MUR/INR	-	-	38,48,958	0.72
	BDT/INR	22,30,821	0.17	6,94,582	0.05
Other Assets	GBP/INR	29,64,012	36.98	32,97,839	36.33
	MUR/INR	-	-	9,37,364	0.17
	BDT/INR	4,01,68,639	3.05	3,97,59,736	2.78
Other Liabilities	GBP/INR	5,81,170	7.31	6,69,892	7.44
	MUR/INR	-	-	4,425	-
	BDT/INR	-	-	10,81,949	0.08

d) Foreign currency sensitivity analysis:

The following details demonstrate the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.

Particulars	Year ended March 31, 2026		Year ended March 31, 2025	
	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	(0.16)	0.16	18.37	(18.37)
EURO Impact	(0.84)	0.84	(1.84)	1.84
GBP Impact	(1.85)	1.85	(3.94)	3.94
CHF Impact	-	-	0.06	(0.06)
AUD Impact	(0.11)	0.11	-	-
MUR Impact	-	-	(0.04)	0.04
BDT Impact	(0.29)	0.29	(0.21)	0.21
AED Impact	(0.01)	0.01	(0.01)	0.01
SGD Impact	-	-	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

60 Tax Reconciliation

Particulars	F.Y. 2025-26	F.Y. 2024-25
Net Profit as per Statement of Profit and Loss (before tax)	322.14	241.43
Current Tax rate @ 25.17%	81.08	60.77
Adjustment:		
Amount allowed as deduction under Income Tax Act, 1961	(8.00)	(1.43)
Adjustments in respect income-tax of earlier years	5.38	0.52
Other adjustments including DTA on accumulated capital loss	(9.19)	(13.18)
Tax expenses recognised during the year	69.27	46.67
Effective tax Rate	21.50%	19.33%

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

61 Recent Indian Accounting Standards (Ind AS)

Recent pronouncements 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. In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements. In August 2025, MCA notified the following amendments to: 1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities. 2. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has evaluated these amendments and provided the required disclosures in the financial statements and it does not have any significant impact in its financial statement.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- 62** The Board of Directors, in its meeting held on 25 March 2026, approved entering into a Memorandum of Understanding "MOU", the company proposes to transfer of the Company's Thermal Weapons Sight Business ("TWS Business") to its wholly owned subsidiary, HFCL Advance Systems Private Limited ("HASPL"), as a going concern on slumps sale basis.

The assets and liabilities pertaining to the TWS Business have been presented separately under "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" in the standalone balance sheet. The breakup of the same is as under:

Assets:

(a) Property, Plant and Equipment	3.81
(b) Other Intangible assets	13.87
(c) Inventories	
Raw Material	16.20
Goods in Transit for trading	4.13
Stores and Spares	0.03
(d) Financial Assets	
(i) Trade receivables	0.13
(ii) Indirect tax Recoverable	-
(e) Other current assets	1.18
	39.35

Liabilities:

(a) Borrowings	2.86
(b) Operational Buyers Credit	4.30
(c) Provisions (Non-Current)	0.37
(d) Trade payables	3.48
(e) Other Employee dues	0.23
(f) Other current liabilities	6.86
(g) Provisions	0.01
	18.11

63 Other statutory information:

- i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.



Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- v) The Company does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.
- vii) The Company is not declared wilful defaulter by bank or financial institution or lender during the year.
- viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- ix) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.

64 The company has used an accounting software including software operated by third party for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Such audit trails are preserved as per the statutory requirement for record retention.

65 Figures for the previous year have been regrouped/rearranged wherever considered necessary to confirm current year classification/presentation.

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M. No.: 070980
Place: New Delhi
Date: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

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, 2026, 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

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, 2026, revenue from customer contracts amounts to ₹ 4,527.54 Crore whereas as at March 31, 2026, contract assets amount to ₹ 905.67 Crore, the balance of work-in-progress (WIP) amounts to ₹ 142.32 Crore and retention amounts to ₹ 172.82 Crore.

Auditor's Response

Auditor's Response

Our audit procedures in this area included, inter alia, the following:

- Obtained an understanding of the Company's project execution processes and evaluated the design, implementation, and operating effectiveness of key internal controls relating to the accounting for customer contracts;



S. No. Key Audit Matters	Auditor's Response
The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. (Refer Notes 31 to the consolidated financial statements). During order fulfilment, contractual obligations are subject to reassessment due to change orders, scope modifications, or contract cancellations. 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 principal risks relate to incorrect period-cut-off, unjustified revenue recognition, and overstatement of WIP balances requiring impairment adjustments. Given the scale of revenue, the degree of management judgment involved, and the potential for material misstatement in related financial statement captions, this area was identified as a Key Audit Matter.	• Tested selected key management review controls over revenue recognition throughout the year to assess their operating effectiveness; • Read the terms and conditions of significant new and modified contracts to assess their impact on revenue recognition, including identification of performance obligations, variable consideration, and transaction price allocation; • Conducted enquiries with management regarding risk assessment processes relating to contract fulfilment and revenue accounting; • On a sample basis, reconciled recognised revenue to underlying supporting documentation, validated direct and indirect costs, and tested the mathematical accuracy of cost-to-completion calculations; • Tested the appropriateness of the revenue recognition policies applied on a sample of contracts and verified the valuation of WIP balances through reconciliation of accounting entries to supporting documentation; • Applied heightened scrutiny to transactions recorded in the period immediately preceding and following the balance sheet date to obtain sufficient evidence on the accuracy of cut-off; • Reviewed a sample of contracts with unbilled revenue to identify potential delays in milestone achievement requiring revision to estimated efforts; • Performed analytical procedures and tests of detail to assess the reasonableness of incurred costs and completion estimates.
2. Valuation of accounts receivable – risk of credit losses The Parent Company has a concentration of credit exposure on a number of major customers predominantly Government and large organisation. certain of whom operate in challenging business environments. 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 consolidated financial statements amounting to ₹ 2,118.94 Crore and the provision for impairment of receivables amounted to ₹ 36.54 Crore as at March 31, 2026. 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:	Our procedures did not identify any material exceptions. Our audit procedures in this area included, inter alia, the following: • 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; • Conducted Inquiries with senior management and the relevant governance committee in order to understand and assess governance and follow-up/monitoring of key customers; • Performed analytical procedures and made specific enquiries with business area management to assess trends in receivable ageing, collections, and overdue accounts; • Performed detailed testing and assessment of receivables to ensure these are in line with Ind AS 109 requirements, with a focus on significant new provisions and write-offs.

S. No. Key Audit Matters	Auditor's Response
- 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 inherent in the ECL estimation process, the complexity of applying forward looking assumptions and the material quantum of trade receivables, this area was identified as a Key Audit Matter. Refer Note 15 to the consolidated financial statements.	We also assessed and challenged management's assumptions and adherence to the Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and commensurate with the identified credit risks.
3 Assessment of the carrying value of Intangible Assets (including intangible assets under development) The Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Parent Company records the qualifying expenditure as 'intangible assets under development'. In accordance with Ind AS 36 – Impairment of Assets, the Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis. The determination of the recoverable values of intangible assets (including intangible assets under development) for carrying out impairment assessment involves several key assumptions including discount rates and future cash flow projections for ascertaining future economic benefits expected to be generated by such assets. The 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, 2026. Given the degree of judgement inherent in impairment assessment and in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the consolidated financial statements.	Our audit procedures in this area, which incorporated appropriate materiality and sampling techniques, included, inter alia, 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 future 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.) - Reviewed management's expert reports and technical assessments, as applicable, supporting the determination of recoverable amounts. - 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

- 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 ₹ 8.64 Crore as at March 31, 2026, total revenues of ₹ Nil, Net profit after tax of ₹ 0.39 Crore, total comprehensive loss of ₹ 4.95 Crore and net cash inflows of ₹ 0.14 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.
- The Financial statements of five subsidiaries whose financial statements/financial information reflect total assets of ₹ 729.37 Crore as at March 31, 2026, total revenues of ₹ 912.64 Crore, Net profit/(loss) after tax of ₹ 61.72 Crore, total comprehensive income/(loss) of ₹ 58.51 Crore, and net cash inflows of ₹ 0.44 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.
- The Consolidated Financial Statements includes financial performance of three foreign branches which reflects total assets of ₹ 57.22 Crore as at March 31, 2026, total revenue of ₹ 75.55 Crore, Net Profit/(Loss) after tax of ₹ (1.46) Crore and total comprehensive income of ₹ 1.87 Crore and net cash outflow amounting to ₹ 1.90 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 ₹ 14.77 Crore as at March 31, 2026, total revenues of ₹ 15.21 Crore, total net profit/(loss) after tax of ₹ 1.14 Crore, total comprehensive (loss)/profit of ₹ 2.08 Crore, for the year ended March 31, 2026, and net cash inflows of ₹ 0.93 Crore for the year ended March 31, 2026, 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 ₹ 854.67 Crore as at March 31, 2026, total revenues of ₹ 1374.91 Crore, total net profit/(loss) after tax of ₹ 52.09 Crore, total comprehensive (loss)/profit of ₹ 50.21 Crore, for the year ended March 31, 2026 and net cash inflows of ₹ 5.99 Crore for the year ended March 31, 2026, audited by the independent auditor in accordance with the regulations of such foreign country.

Financial statements of both the foreign subsidiaries has been converted by the Holding Company's management and further audited by the Indian Auditors as per the accounting principles generally accepted in India and whose report has been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these foreign subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid foreign subsidiaries is solely based on the report of such independent auditor's.

- e) We did not audit the financial statements/financial information of two jointly controlled entities included in the consolidated financial statements, whose financial statements include total net profit after tax of ₹ 0.37 Crore, total comprehensive income of ₹ 0.37 Crore, for the year ended March 31, 2026 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 March 31, 2026 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 March 31, 2026 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 Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
Membership No.: 070980
UDIN: 26070980VHOQXY2840

Place: New Delhi
Date: April 30, 2026

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
Membership No.: 056931
UDIN: 26056931BGYGXH7406

Place: New Delhi
Date: April 30, 2026

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)

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
Membership No.: 070980
UDIN: 26070980VHOQXY2840

Place: New Delhi
Date: April 30, 2026

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
Membership No.: 056931
UDIN: 26056931BGYGXH7406

Place: New Delhi
Date: April 30, 2026

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HFCL LIMITED AS ON MARCH 31, 2026

(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, 2026, 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 March 31, 2026, 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 Reg. No. 000560C/C400334

J. S. P. Bansal

Partner

Membership No.: 070980

UDIN: 26070980VHOQXY2840

Place: New Delhi

Date: April 30, 2026

For **Oswal Sunil & Company**

Chartered Accountants

Firm Reg. No. 016520N

Nawin K Lahoty

Partner

Membership No.: 056931

UDIN:
26056931BGYGXH7406

Place: New Delhi

Date: April 30, 2026

Consolidated Balance Sheet

as at March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Note No(s)	As at March 31, 2026	As at March 31, 2025
Assets			
Non-current Assets			
(a) Property, Plant and Equipment	3	913.36	630.21
(b) Capital work-in-progress	4	85.01	200.03
(c) Right-of-use-assets	43	28.37	16.66
(d) Goodwill		26.17	26.17
(e) Intangible assets (other than Goodwill)	5	247.74	178.55
(f) Intangible assets under development	6	401.29	401.85
(g) Investments accounted for using equity method	7	23.24	19.86
(h) Financial Assets			
(i) Investments	8	70.38	136.80
(ii) Trade receivables	15	269.80	409.86
(iii) Loans	9	10.00	11.76
(iv) Others	10	42.26	72.28
(i) Other non-current assets	12	46.77	71.58
Total Non-Current Assets		2,164.39	2,175.61
Current Assets			
(a) Inventories	13	1,415.99	898.84
(b) Financial Assets			
(i) Investments	14	41.29	1.30
(ii) Trade receivables	15	2,212.18	1,891.73
(iii) Cash and cash equivalents	16	37.67	70.52
(iv) Bank balances other than (iii) above	17	430.75	420.80
(v) Loans	18	19.60	15.50
(vi) Others	19	702.31	591.54
(c) Current tax Assets (net)	20	12.75	16.42
(d) Other current assets	21	1,830.65	1,464.03
Total Current Assets		6,703.19	5,370.68
Total Assets		8,867.58	7,546.29
Equity and Liabilities			
Equity			
(a) Equity Share Capital	22	153.03	144.21
(b) Other Equity	22	4,737.72	3,934.94
Equity attributable to owners of Parent Company		4,890.75	4,079.15
Non-controlling interest		57.84	40.17
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	389.88	389.90
(ii) Lease liabilities	43	18.80	9.73
(b) Provisions	24	62.63	53.01
(c) Deferred tax liabilities (Net)	11	80.89	86.46
Total Non-Current Liabilities		552.20	539.10
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	1,323.49	951.16
(ii) Lease Liabilities	43	12.21	8.97
(iii) Operational Buyers' Credit	46	151.95	162.20
(iv) Trade payables	26		
- total outstanding dues to micro and small enterprises		113.93	74.44
- total outstanding dues to other than micro and small enterprises		893.51	1,004.22
(v) Other financial liabilities	27	502.89	442.71
(b) Current tax liabilities (Net)	28	59.99	1.54
(c) Other current liabilities	29	295.65	226.80
(d) Provisions	30	13.17	15.83
Total Current Liabilities		3,366.79	2,887.87
Total Liabilities		3,918.99	3,426.97
Total Equity and Liabilities		8,867.58	7,546.29

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: April 30, 2026

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

Arvind Kharabanda

Director

DIN: 00052270

Manoj Baid

President & Company Secretary

M. No.: FCS 5834

Place: New Delhi

Date: April 30, 2026



Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Note No(s)	For the year ended March 31, 2026	For the year ended March 31, 2025
I INCOME			
Revenue from operations	31	4,949.27	4,064.52
Other Income	32	65.25	57.76
Total Income (I)		5,014.52	4,122.28
II EXPENSE			
Cost of Material Consumed	33	1,407.47	1,232.13
Other Direct Cost	34	495.68	676.42
Purchases of stock-in trade		1,756.74	1,128.08
Change in inventories of finished goods, work-in progress and stock-in trade	35	(457.98)	(92.79)
Employee benefits expense	36	445.26	363.55
Finance Costs	37	242.06	185.01
Depreciation, Impairment and Amortisation expenses	3, 5, 43	157.38	105.51
Other Expenses	38	540.60	308.14
Total Expenses (II)		4,587.21	3,906.05
III Profit before Share of profit of joint venture, exceptional items and income tax (I-II)		427.31	216.23
IV Share of profit of jointly controlled entities		0.37	0.36
V Profit before exceptional items and income tax (III+IV)		427.68	216.59
VI Exceptional item		-	-
VII Profit before tax (V - VI)		427.68	216.59
VIII Tax expense			
- Current tax		104.35	34.50
- Deferred Tax		(6.11)	8.83
Total Tax Expense		98.24	43.33
IX Profit for the year (VII-VIII)		329.44	173.26
X Other comprehensive Income (OCI):			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans		2.12	1.64
(ii) Income tax on above item		(0.54)	(0.34)
(iii) (Loss) on Equity Instruments designated through OCI		(20.53)	(36.75)
Items that will be reclassified to profit or loss			
(i) Gain/(Loss) on translation of foreign operation		(1.52)	(0.38)
(ii) (Loss) on Debt instruments designated through OCI		(8.65)	-
Total Other Comprehensive (Loss)/Income for the year		(29.12)	(35.83)
XI Total comprehensive income for the year (IX+X)		300.32	137.43
XII Profit for the year attributable to:			
Owners of the Parent		311.74	177.41
Non-controlling interest		17.70	(4.14)
XIII Total comprehensive income for the year attributable to:			
Owners of the Parent		282.58	141.55
Non-controlling interest		17.74	(4.11)
XIV Earnings per share from continuing and Total operations attributable to the owners of the Parent Company during the year	39		
- Basic		2.13	1.23
- Diluted		2.13	1.23

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: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270
Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

Consolidated Statement of Cash Flow

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
I. Cash Flow from Operating Activities		
Net Profit before taxes	427.68	216.59
Adjustments for:		
Depreciation, Impairment & Amortisation expenses	157.30	105.51
(Gain)/Loss on disposal of property, plant and equipment	2.14	(0.76)
Financial Guarantee Impairment	(0.30)	(0.30)
Bad Debts, Warrants forfeited, advances and miscellaneous balances written back/ off	49.32	10.22
Liquidated Damages recovered on Sales	-	5.94
Unrealised Loss/ (Gain) on foreign exchange fluctuation	(4.51)	(4.05)
(Gain)/Loss on Sale and Revaluation of Investment - Net	(0.01)	(0.11)
Share of (profit)/ loss of an associate	(0.37)	(0.36)
Dividend and interest income classified as investing cash flows	(24.77)	(24.98)
Finance costs (net)	242.06	185.01
	420.86	276.12
Change in operating assets and liabilities		
(Increase)/Decrease in Trade and other receivables	(225.21)	422.08
(Increase)/Decrease in Inventories	(517.15)	(124.42)
Increase/(Decrease) in Trade payables	(71.22)	271.04
(Increase)/Decrease in other financial assets	(120.44)	(438.01)
Increase/ (Decrease) in other financial liabilities	(10.25)	162.20
(Increase)/Decrease in other non-current assets	9.67	(8.73)
(Increase)/Decrease in other current assets	(357.96)	(507.61)
Increase/(Decrease) in provisions	(2.67)	3.56
Increase/(Decrease) in other non current liabilities	11.74	6.79
Increase/(Decrease) in other current liabilities	100.39	118.14
	(1,183.10)	(94.96)
Cash generated from/(used in) operations	(334.56)	397.75
Income taxes paid (net)	(43.57)	(1.76)
Net cash inflow from/(used in) operating activities	(378.13)	395.99
II Cash flows from investing activities		
Payment for acquisition of investments	(3.00)	(4.45)
Payments for property, plant and equipment including CWIP & capital advances	(230.18)	(230.17)
Payments for Intangible Assets including CWIP	(115.13)	(179.03)
Proceeds from sale of property, plant and equipment	0.54	1.66
Bank deposits (placed)/matured (net)	20.48	(121.84)
(Payment)/Receipt for loan to/ from body corporate (net)	(13.35)	6.26
Proceeds from sale of Investment	12.11	4.24
Dividends received	-	-
Interest received	4.42	4.94
Net cash inflow from /(used in) investing activities	(324.11)	(518.39)



Consolidated Statement of Cash Flow

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
III Cash flows from financing activities		
Proceeds from Issue of Convertible Warrants	-	10.20
Proceeds from issues of Share Capital (including security premium)	550.53	0.66
Share issue expenses	(6.91)	-
Proceeds from borrowings	495.39	551.21
(Repayment) of borrowings	(198.42)	(231.48)
Proceeds/(Repayment) under supplier finance arrangement	75.34	44.06
(Repayment) of lease liabilities	(14.94)	(10.09)
	900.99	364.56
Less:		
Finance Costs paid on other than supplier finance arrangement	(201.21)	(154.99)
Interest paid under supplier finance arrangement	(15.97)	(11.14)
Dividend paid	(14.42)	(28.84)
Net cash inflow from/(used in) financing activities	669.39	169.59
IV Net increase /(decrease) in cash and cash equivalents (I+II+III)	(32.85)	47.19
V Cash and cash equivalents at the beginning of the financial year	70.52	23.33
VI Cash and cash equivalents at end of the year	37.67	70.52

- 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
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents (refer note 16) comprise of the followings:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash on hand	0.07	0.07
Balances with Scheduled Banks in		
Current accounts	37.60	45.34
Deposits with Banks having maturity up to 3 months	-	25.11
Balances per statement of cash flows	37.67	70.52

- Analysis of movement in borrowings

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Borrowings at the beginning of the year	1,341.06	977.27
Movement due to cash transactions per the Consolidated Statement of Cash Flows	372.31	363.79
Borrowings at the end of the year	1,713.37	1,341.06

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: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M. No.: FCS 5834
Place: New Delhi
Date: April 30, 2026

Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Equity Share Capital

Particulars	Amount
Balance as at April 1, 2024	144.01
Changes in equity share capital (refer note no. 22A)	0.20
Balance as at March 31, 2025	144.21
Changes in equity share capital (refer note no. 22A)	8.82
Balance as at March 31, 2026	153.03

Other equity

Particulars	Money received against Convertible Warrants	Employee Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Income			Total Equity attributable to Owners of the Company	Non-Controlling Interest	Total
			Securities Premium	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Changes in fair value of FVOCI debt instruments	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve			
Balance as at April 1, 2024	3.80	1.02	1,491.91	80.50	2.22	2,091.66	-	143.86	(3.44)	3,811.53	44.29	3,855.82
Profit for the year	-	-	-	-	-	177.41	-	-	-	177.41	(4.14)	173.27
Other Comprehensive Income for the year	-	-	-	-	-	1.31	-	(36.78)	(0.34)	(35.82)	0.02	(35.80)
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	10.20	-	-	-	-	-	-	-	-	10.20	-	10.20
Dividend paid for the previous year	-	-	-	-	-	(28.85)	-	-	-	(28.85)	-	(28.85)
Conversion of warrants into equity share	(13.60)	-	13.43	-	-	-	-	-	-	(0.17)	-	(0.17)
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.81	-	-	-	-	-	-	1.80	-	1.80
Transfer to retained earnings	(0.40)	-	-	-	-	0.40	-	-	-	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	-	0.01	-	-	-	0.01	-	0.01
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.17)	-	-	-	-	-	-	(1.17)	-	(1.17)
Balance as at March 31, 2025	-	1.02	1,505.98	80.50	2.22	2,241.94	-	107.08	(3.78)	3,934.94	40.17	3,975.11
Profit for the year	-	-	-	-	-	311.74	-	-	-	311.74	17.70	329.44
Other Comprehensive Income for the year	-	-	-	-	-	1.58	(8.65)	(20.56)	(1.52)	(29.15)	0.03	(29.12)
Dividend paid for the previous year	-	-	-	-	-	(14.43)	-	-	-	(14.43)	-	(14.43)
Issue of equity share capital (net of share issue expenses of ₹ 6.91 crore)	-	-	534.29	-	-	-	-	-	-	534.29	-	534.29
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.17	-	-	-	-	-	-	1.17	-	1.17
Transfer to retained earnings	-	-	-	-	-	8.35	-	(8.35)	-	-	-	-
Share Based Payment to employee	-	(0.18)	-	-	-	-	-	-	-	(0.18)	(0.06)	(0.24)
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	-	-	(0.67)	-	-	-	-	-	-	(0.67)	-	(0.67)
Balance as at March 31, 2026	-	0.84	2,040.77	80.50	2.22	2,549.19	(8.65)	78.17	(5.30)	4,737.72	57.84	4,795.56

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: April 30, 2026

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

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: April 30, 2026



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

1. Corporate information

HFCL Ltd. ('HFCL' or 'the Holding Company' CIN: L64200HP1987PLC007466) is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Holding Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, HFCL is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optic Fiber and Optic Fiber Cable (OFC).

The consolidated financial statements have been approved by the Board of Directors of the Holding Company at its meeting held on April 30, 2026.

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

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.

2.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value.
- assets held for sale measured at fair value less cost to sell.
- defined benefit plans - plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and

services. The Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the 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 recognised 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 de-consolidated 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,

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 recognised 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's 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 recognised 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.



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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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in profit or loss. An impairment loss recognised 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group categorises 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.

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Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in markets that are not active.
- inputs other than quoted prices that are observable for the asset or liability.
- Market – corroborated inputs.

• Level 3

They are unobservable 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

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale / distribution rather than through continuing use and the sale is considered highly probable. Management must be committed to the sale within one year from the date of classification.

The Group treats sale to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The assets (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Action required to complete the plan indicated that it is unlikely that significant change to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell/distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale / distribution to owners are not depreciated or amortised.

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 recognised 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 repair and maintenance costs are recognised 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 amortised 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), amortisation has been provided for on Straight Line Method over the period of lease.



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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 Equipment's	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-recognised 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 recognised in the Statement of Profit and Loss.

2.8. Intangible Assets

a. Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised 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 expenditure 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 capitalised 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

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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 recognised 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 de-recognised 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 amortisation 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 recognised 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 amortised 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 amortised cost

A 'debt instrument' is measured at the amortised 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 amortised 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 recognised in the other comprehensive income (OCI). However, the Group recognises 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 recognised 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.



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Debt instrument at FVTPL

Any debt instrument, that does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised 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 recognised in the P&L.

Debt Instrument - Investment in subsidiaries and jointly controlled entities are measured at cost less impairment loss, if any.

Equity instruments

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 recognised 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 recognised in the Statement of Profit and Loss.

De-recognition

A financial asset is de-recognised 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-recognised.

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 lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL Impairment Loss allowance (or reversal) recognised during the period is recognised 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.

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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 recognised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Operational Buyers'/Supplier's 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 120 days to 240 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyer's / 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 / 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.

De-recognition

Financial liability is de-recognised 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 recognised in the Statement of Profit and Loss.

A previously recognised 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 recognised. The reversal is limited to the carrying amount of the asset.

2.11. Inventories

Inventories are valued at the lower of cost or net realisable 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



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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 realisable 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

- Revenue is recognised 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.
- 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).
- The Group presents revenues net of indirect taxes in its Statement of Profit and loss.
- 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 recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Defence Electronics Products and allied Services

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

from Products are recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

iii. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities, Projects of Jal Jeevan Mission etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from Turnkey Projects/Contracts is recognised over time as the performance obligation is satisfied. This is because the customer controls the asset as it is being constructed, and the Company has an enforceable right to payment for performance completed to date.

When the outcome of such contracts can be estimated reliably, revenue is recognised using the percentage of completion method, determined by reference to the stage of completion of the contract activity. The stage of completion is measured based on work certified, which reflects the Company's efforts or inputs toward fulfilling the performance obligation.

Contract revenue is recognised based on the progress of work performed. If the revenue recognised exceeds the amount billed to the customer through interim or progressive invoices, the difference is classified as a Contract Asset (Unbilled Revenue). This represents the Company's right to consideration for work completed but not yet billed.

On the other hand, if the amount billed to the customer exceeds the revenue recognised to date, the excess is recorded as a Contract Liability. This reflects the Company's obligation to perform further work under the contract or refund excess amounts received.

Customer prepayments—amounts received in advance before performance obligations are satisfied—are also presented as liabilities until the related work is completed.

Retention money, which is the portion of the contract amount withheld by the customer until satisfactory completion of the project, is classified

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as earnest money recoverable. It does not include a significant financing element, as it primarily serves as security for the proper execution of the contract.

- **Contracts with government**

The Group recognises 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 recognised 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.

iv. 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 recognised 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 recognise 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 recognises 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.



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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 recognised 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 recognised at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of the exchange difference between the date of transaction and on settlement or on translation is recognised 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

Employee benefit obligations are measured in accordance with the principles of Ind AS 19 – Employee Benefits. Changes in the present value of defined benefit obligations resulting from legislative amendments are treated as plan amendments. Past service cost arising from such amendments is recognised immediately in the Statement of Profit and Loss in the period in which the amendment occurs.

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 recognised 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.

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

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 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 recognised and administered by the Government of India.

The Group's contributions to both these schemes are recognised 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 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.

Defined retirement benefit plans comprising of gratuity, post-retirement medical benefits and other terminal benefits, are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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.



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The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognised 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 recognised in connection with share-based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognised 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 capitalised as part of cost of such asset. Other borrowing costs are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 recognised 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 realised, 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 recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised 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 recognised 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 utilised.

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 realise the asset and settle the liability simultaneously.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

3 Property, Plant and Equipment

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipment's	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2024	634.99	184.01	33.96	36.52	23.71	11.34	37.42	18.82	33.56	0.88	1,015.21
Additions	115.93	51.83	9.74	15.51	1.14	1.53	2.80	0.72	2.50	-	201.70
Disposals/Adjustments	0.88	0.50	-	0.28	0.75	0.57	7.61	0.52	-	-	11.11
Balance as at March 31, 2025	750.04	235.34	43.70	51.75	24.10	12.30	32.61	19.02	36.06	0.88	1,205.80
Additions	311.34	9.46	4.16	4.78	1.57	2.71	5.00	3.40	45.41	-	387.83
Disposals/Adjustments	5.43	-	-	-	7.35	0.32	1.80	3.79	-	-	18.69
Balance as at March 31, 2026	1,055.95	244.80	47.86	56.53	18.32	14.69	35.81	18.63	81.47	0.88	1,574.94
Accumulated Depreciation and Impairment											
Balance as at April 1, 2024	379.03	37.50	13.94	27.07	14.30	9.33	26.55	11.29	-	0.26	519.27
Depreciation for the year	40.76	6.40	1.97	2.33	2.51	1.08	5.90	2.32	-	0.01	63.28
Impairment during the year	3.13	-	-	-	-	-	-	-	-	-	3.13
Disposals/Adjustments	0.70	0.09	-	0.27	0.73	0.55	7.26	0.49	-	-	10.09
Balance as at March 31, 2025	422.22	43.81	15.91	29.13	16.08	9.86	25.19	13.12	-	0.27	575.59
Depreciation for the year	69.61	8.05	2.55	9.07	2.12	1.74	4.59	1.97	-	0.01	99.71
Impairment during the year	2.12	-	-	-	-	-	-	-	-	-	2.12
Disposals/Adjustments	5.08	-	-	-	5.15	0.30	1.69	3.61	-	-	15.84
Balance as at March 31, 2026	488.87	51.86	18.46	38.20	13.05	11.30	28.09	11.48	-	0.28	661.58
Net Carrying Value											
Balance as at April 1, 2024	255.96	146.51	20.02	9.45	9.41	2.01	10.87	7.53	33.56	0.62	495.94
Balance as at March 31, 2025	327.80	191.53	27.79	22.64	8.02	2.44	7.44	5.90	36.06	0.61	630.21
Balance as at March 31, 2026	567.08	192.94	29.40	18.33	5.27	3.39	7.72	7.15	81.47	0.60	913.36

Notes:

- The following properties are pending for title transfer in the name of the Group:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
Property, plant and equipment (HFCL Limited)	Land (Leasehold)	0.28	State Government of Himachal Pradesh	No	September 23, 1994
Property, plant and equipment (HFCL Limited)*	Land (Freehold)	1.64	Erstwhile amalgamated Company	No	January 5, 2011
Property, plant and equipment (HFCL Limited)**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	September 5, 2022
Property, plant and equipment (HFCL Limited)***	Land (Freehold)	28.91	A.P. Industrial Infrastructure Corporation Limited (APIIC)	No	March 5, 2026
Property, plant and equipment (HTL Limited) (refer Note 56 (i) (a))	Land (Freehold)	-	State Government of Tamil Nadu	No	September 30, 1970

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Shimla on January 5, 2011, the above said land was transferred to the 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 Deputy Registrar, Collector (Stamps), Jaipur Circle-III raised a demand of ₹ 25 crore towards payment of stamp duty for carrying out such mutation. The Holding Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On July 29, 2022, the division bench of the Jaipur High Court passed an order quashing the demand and directing fresh assessment of duty payable by the Holding Company. Against the High Court order, Deputy Registrar, Collector (Stamps), Jaipur has filed an appeal before the Hon'ble Supreme Court and apex court dismissed the said appeal vide its order dated September 1, 2023 and ordered fresh assessment of the stamp duty to be carried out by the concerned authority. Deputy Registrar, Collector (Stamps), Jaipur have filed review petition before Honourable Supreme Court against its order dated September 1, 2023 against which Honourable Supreme Court passed an order dated July 18, 2024 dismissing the review petition. Holding Company continues to request Jaipur Development Authority (JDA) to re-assess the stamp duty basis which mutation will be undertaken.

** The aforesaid land is allotted to the Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIC and Company is currently having physical possession of the said land. TSIC will execute sale deed in favour of the Company post fulfilment of all the conditions as stipulated in the agreement to sell.

*** The aforesaid land is allotted to the Holding Company for setting up facility for manufacturing of Defence products in the state of Andhra Pradesh. The agreement to sell has been executed with APIIC and Holding Company is currently having physical possession of the said land. APIIC will execute sale deed in favour of the Holding Company post fulfilment of all the conditions as stipulated in the agreement to sell.

2. The Group has not revalued any Property, Plant & Equipment during the current and previous financial year.
3. Refer Note 23 and 25 for details of assets pledged.

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance as at April 1, 2024	56.98	96.31	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	47.60	151.58	0.20	0.65	200.03
Additions	20.44	183.92	1.35	0.37	206.08
Disposals/Adjustments	11.28	308.79	0.48	0.55	321.10
Balance as at March 31, 2026	56.76	26.71	1.07	0.47	85.01

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, 2026	36.20	12.99	13.84	21.98	85.01
As at March 31, 2025	147.75	29.66	21.88	0.74	200.03

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per rolling annual plan.

*As on balance sheet date, there are no capital work-in-progress projects whose completion is over due or has exceeded the cost based on latest approved plan.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

5 Intangible Assets (other than goodwill)

Particulars	Amount (₹)
Gross Carrying Value	
Balance as at April 1, 2024	157.64
Additions	92.05
Disposals/Adjustments	3.36
Balance as at March 31, 2025	246.33
Additions	115.68
Disposals/Adjustments	2.53
Balance as at March 31, 2026	359.48
Accumulated Amortisation	
Balance as at April 1, 2024	39.50
Amortisation for the year	31.76
Disposals/Adjustments	3.48
Balance as at March 31, 2025	67.78
Amortisation for the year	46.48
Disposals/Adjustments	2.52
Balance as at March 31, 2026	111.74
Net Carrying Value	
Balance as at April 1, 2024	118.14
Balance as at March 31, 2025	178.55
Balance as at March 31, 2026	247.74

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, 2024	314.87
Additions	169.03
Disposals/Adjustments	82.05
Balance as at March 31, 2025	401.85
Additions	108.13
Disposals/Adjustments	108.69
Balance as at March 31, 2026	401.29

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, 2026	65.88	98.09	124.69	112.63	401.29
As at March 31, 2025	139.69	141.14	89.22	31.80	401.85

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

6.2 Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2026

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, 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

7 Investments accounted for using equity method

Particulars	As at March 31, 2026	As at March 31, 2025
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(i) Jointly Controlled Entities	21.50	18.50
Add/(Less): Cumulative Share of profits/(Loss)	1.74	1.36
Total	23.24	19.86

7.1 Investments accounted for using equity method

Particulars	Face value per share	As at March 31, 2026		As at March 31, 2025	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted Investments					
Investment in Equity Instruments - Equity Shares					
Nimpaa Telecommunication Private Limited (includes Goodwill of ₹ 1 Crore)	10	10,00,000	1.00	10,00,000	1.00
Add/(Less): Cumulative Share of profits			1.82		2.14
BigCat Wireless Private Limited (includes Goodwill of ₹ 5.36 Crore)	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited - (Partly paid @ ₹ 9.00 per share (previous year: ₹ 6.50 per share) out of the face value of ₹ 10/- per share)	10	32,000	18.00	32,000	15.00
Add/(Less): Cumulative Share of (Loss)			(0.08)		(0.78)
Total aggregate unquoted investments			23.24		19.86
Aggregate carrying value of unquoted investments			23.24		19.86
Aggregate amount of impairment in value of investments			-		-



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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, 2026	As at March 31, 2025
Nimpaa Telecommunication Private Limited	Manufacturing of FRP and ARP	India	50.00%	50.00%
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2026	As at March 31, 2025
Quoted Investments - Others		
(i) Investments in Equity instruments	57.63	111.66
Unquoted Investments - Others		
(i) Investments in Equity instruments	4.22	23.29
(ii) Investments in Debt instruments	8.53	1.85
Total	70.38	136.80

8.1 Detail of Non-Current Financial Assets - Investments

Particulars	Face value per share/ Debenture	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments - Quoted Equity Shares					
Exicom Tele-Systems Limited	10	75,62,676	57.63	75,62,676	111.66
			57.63		111.66
(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	0.06	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	0.07
HFCL Bezeq Telecom Limited	10	100	-	100	-
Amplus Iru Private Limited	10	40,91,500	4.09	40,91,500	4.09
Nivetti Systems Private Limited*	1	-	-	2,17,594	19.08
			4.22		23.29
Total Investment in Equity Instrument measured at FVTOCI			61.85		134.95

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

Particulars	Face value per share/ Debenture	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
(iii) Investment in Debt Instruments					
Atul Properties Private Limited (OFCDs) - Redeem at completion of 17 Years from date of allotment i.e. 04 th Feb 2028	100	1,85,000	1.85	1,85,000	1.85
Smart Digivision Private Limited (ZOFCDs) - Redemption at completion of 10 Years from date of allotment i.e. 28 th Feb 2036	100	15,33,000	6.68	-	-
Total Investment in Debt Instrument measured at FVTOCI			8.53		1.85
Total Investment measured at FVTOCI			70.38		136.80
Aggregate carrying value of quoted investments			57.63		111.66
Aggregate Carrying value of unquoted investments			12.75		25.14
Aggregate amount of impairment in value of investments			-		-

*The investment has been reclassified as current investment during the financial year pursuant to share purchase agreement entered into on September 2025 between the Holding Company and the purchaser whereas the Holding Company has agreed to sell the above shares to purchaser in one or more tranches.

9 Non-Current Financial Assets-Loans

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Loans to other body corporates	10.00	11.01
Loans to related parties (refer note 55)	-	0.75
Unsecured, considered doubtful		
Which have significant increase in credit risk	0.21	0.21
Less: expected credit loss allowance	(0.21)	(0.21)
Total	10.00	11.76
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, 2026	As at March 31, 2025
Fixed Deposits with Bank (maturity more than 12 months)*	30.90	57.98
Unsecured, Considered Good		
Security Deposit	11.36	14.30
Total	42.26	72.28

* Out of above, fixed deposits of ₹ 30.90 crore (Previous year ₹ 52.98 crore) are held as margin money/securities with banks.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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, 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)
(Charged)/Credited:				
- to Statement of profit and loss	2.39	(9.48)	13.20	6.11
- to other comprehensive income	(0.54)	-	-	(0.54)
As at March 31, 2026	20.05	(144.81)	43.87	(80.89)

Note: In view of reasonable certainty of future taxable income, deferred tax assets amounting to ₹ 1.04 crore (Previous Year ₹ 5.01 Crore) have been created in the books of one of the subsidiary

12 Other Non-Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, Considered Good		
Prepaid Expenses	9.77	23.94
Capital Advances	37.00	47.64
Total	46.77	71.58

13 Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Inventories		
Raw Material	230.65	205.88
Raw Materials in transit	48.62	33.74
	279.27	239.62
Work-in-progress	241.95	177.09
Finished goods	148.51	106.22
Stock-in-trade	697.85	336.71
Stock-in-trade in transit	13.60	10.91
Stores and Spares	29.76	23.00
Loose tools	3.67	4.42
Others (Packing Material)	1.38	0.87
Total	1,415.99	898.84

Notes:

(i) Work-in-progress includes contract work-in-progress of ₹ 142.32 Crore (Previous year: ₹ 131.32 Crore)

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

14 Current Financial Assets - Investments

Particulars	As at March 31, 2026	As at March 31, 2025
Quoted Investments		
(i) Investments in Mutual Funds	0.72	0.72
(ii) Investments in Equity Instruments -other	0.06	0.47
Un-Quoted Investments		
(i) Investments in Equity Instruments -other	40.51	0.11
Total	41.29	1.30

14.1 Detail of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through Statement of Profit or Loss (FVTPL)					
(i) Investments in mutual funds - Quoted Investment					
Axis Liquid Fund - Direct Growth #	1000	2,737	0.40	2,737	0.37
Quant Large Cap Fund - Regular Plan Growth	10	2,49,988	0.32	2,49,988	0.35
Total Investment FVTPL			0.72		0.72
Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)					
(i) Investment in equity instruments - Quoted Equity Shares					
Adinath Bio Labs Limited	1	64,08,000	-	64,08,000	-
Manvens Biotech Limited	1	17,000	-	17,000	-
Sumedha Fiscal Services Limited	10	18,200	0.06	18,200	0.12
Valiant Communications Limited	10	-	-	8,700	0.35
Media Matrix Worldwide Limited	1	4,750	-	4,750	-
Sahara One Media and Entertainment Limited	10	2,50,950	-	2,50,950	-
			0.06		0.47
(ii) Investment in equity instruments - Unquoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Nivetti Systems Private Limited	1	1,67,863	40.51	-	-
Rashel Agrotech Limited	10	4,78,500	-	4,78,500	-
NSL Wind Power Company (Phoolwadi) Private Limited	10	-	-	1,13,000	0.11
			40.51		0.11
Total Investment FVTOCI			40.57		0.58
Total Current Financial Investments			41.29		1.30



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Face Value	As at March 31, 2026		As at March 31, 2025	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Aggregate Carrying value of quoted investments			0.78		1.19
Aggregate Carrying value of unquoted investments			40.51		0.11
Aggregate amount of impairment in value of investments			-		-

#Pledged as security for term loan facility sanctioned by NBFC to the Holding Company

15 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good;	269.80	2,214.47	409.86	1,878.21
Which have significant increase in credit risk	-	29.55	-	26.98
Credit Impaired	-	8.01	-	6.09
Less: expected credit loss allowance	-	(39.85)	-	(19.55)
Total	269.80	2,212.18	409.86	1,891.73
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	19.55	-	10.26
Add: Provided during the year	-	20.30	-	9.29
Balance at the end of the year	-	39.85	-	19.55

15.1 Ageing analysis of Trade Receivables as at March 31, 2026

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,527.08	506.68	144.10	186.51	27.99	82.14	2,474.50
- which have significant increase in credit risk	-	-	-	-	-	29.55	29.55
- credit impaired	-	-	-	1.76	0.03	1.24	3.03
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	0.20	-	4.78	4.98
Total	1,527.08	506.68	144.10	188.47	28.02	127.48	2,521.83

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 years	Total
Less: Amount disclosed under non-current financial assets							(269.80)
Less: Expected credit loss allowance of trade receivables							(39.85)
Total current trade receivables							2,212.18

Ageing analysis of Trade Receivables as at March 31, 2025

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,477.59	548.33	69.48	73.98	41.46	67.46	2,278.30
- which have significant increase in credit risk	-	-	-	-	-	26.98	26.98
- credit impaired	-	-	-	-	0.02	1.29	1.31
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	4.78	-	4.78
Total	1,477.59	548.33	69.48	73.98	46.26	105.50	2,321.14
Less: Amount disclosed under non-current financial assets							(409.86)
Less: Expected credit loss allowance of trade receivables							(19.55)
Total current trade receivables							1,891.73

15.2 The credit period towards trade receivables related to turnkey projects generally depends on 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 240 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, 2026	As at March 31, 2025
Balance with Banks in current account	37.60	45.34
Cash on hand	0.07	0.07
Fixed Deposits with Banks having maturity upto 3 months	-	25.11
Total	37.67	70.52



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

17 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed Deposits with Banks (Maturity less than 12 months)*	418.71	412.10
Balance with Bank in Dividend account**	0.99	1.03
Balance with Bank in QIP monitoring account**	6.26	3.95
Balance with Bank - CSR unspent**	4.79	3.72
Total	430.75	420.80

* Out of above, fixed deposits of ₹ 328.11 Crore (Previous year ₹ 314.46 Crore) are held as margin money/securities with banks by the Group and fixed deposits of ₹ 65.42 Crore (Previous year ₹ 52.93 Crore) of Holding Company is made out of QIP fund and is pending to be utilised as per objects stated in the offer document.

** Balances coming in above accounts has restricted use.

18 Current Financial Assets - Loans

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Loans to related parties (refer note 50)	0.60	-
Loan to other body corporates	19.00	15.50
Total	19.60	15.50

19 Current Financial Assets -Other Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Security Deposits	418.35	420.85
Other Recoverable	179.93	58.53
Interest Receivable	50.88	55.76
Subsidy claim receivable form government	53.15	53.15
Receivables for sales of Investments	-	3.25
Total	702.31	591.54

20 Current Tax Assets (net)

Particulars	As at March 31, 2026	As at March 31, 2025
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	12.75	16.42
Total	12.75	16.42

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

21 Other Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Indirect tax recoverable	357.58	262.19
Deposit with Govt. Authorities under protest	7.58	2.28
Other Receivables	0.43	0.84
Prepaid Expenses	40.52	37.45
Advance to Employees	17.19	19.01
Export Incentive receivable	12.47	1.94
Project & other vendor advances	791.35	488.25
Contract Assets-Unbilled revenue (refer Note 31)	603.53	652.07
Total	1,830.65	1,464.03

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, 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
Increase during the year	-	-	-	-
As at March 31, 2026	5,10,00,00,000	510.00	2,50,00,000	250.00

(ii) Shares issued, subscribed and fully paid-up

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 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 ⁵	17,00,000	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	5,97,500	0.06	-	-
As at March 31, 2025	1,44,20,75,312	144.21	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	5,97,500	0.06	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	8,79,29,651	8.79	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	3,38,800	0.03	-	-
As at March 31, 2026	1,53,02,63,663	153.03	-	-

* The Board of Directors of the Holding Company, through its resolutions passed by circulation on July 15, 2021, and June 08, 2022, approved the allotment of 49,34,300 equity shares and 11,74,100 equity shares respectively to HFCL Employees Trust. This allocation was made for exchange of employee's stock options granted to eligible employees of the Holding Company and its subsidiaries under the HFCL Employees' Long Term Incentive Plan – 2017.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

** During the year, the Holding Company has issued 8,79,29,651, equity shares of face value of ₹ 1 each at an issue price of ₹ 62.55/- per equity share (including premium of ₹ 61.55/- per equity share), aggregating to ~₹ 550.00 Crore (including securities premium of ₹ 541.21 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.

§ The Allotment Committee (Warrants) of the Board of Directors of the Holding Company at its meeting held on February 7, 2024, March 22, 2024 and April 11, 2024 has made allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares of the face value of ₹ 1/- each at a premium of ₹ 79 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares.

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholders	As at March 31, 2026		As at March 31, 2025	
	No. of share	% of Holding	No. of share	% of Holding
MN Ventures Private Limited	21,30,77,202	13.92	27,38,65,000	18.98
NextWave Communications Private Limited	19,48,65,000	12.73	19,48,65,000	13.51
Quant Mutual Fund	10,00,37,652	6.50	12,26,36,920	8.50

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, 2026		As at March 31, 2025		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	6,45,000	0.04	26,45,000	0.18	(0.14)
Mahendra Nahata	13,35,091	0.09	13,35,091	0.09	-
MN Ventures Private Limited	21,30,77,202	13.92	27,38,65,000	18.98	(5.06)
NextWave Communications Private Limited	19,48,65,000	12.73	19,48,65,000	13.51	(0.78)
Fitcore Tech-Solutions Private Limited	2,21,50,000	1.45	2,21,50,000	1.54	(0.09)
Vinsan Brothers Private Limited*	-	-	6,71,600	0.05	(0.05)
Shanker Sales Promotion Private Limited*	-	-	3,00,201	0.02	(0.02)
Total	43,20,72,293	28.23	49,58,31,892	34.37	(6.14)

* Pursuant to the Scheme of Amalgamation dated July 8, 2024, which became effective on November 25, 2025, pursuant to the Order passed by the Hon'ble National Company Law Tribunal, New Delhi Bench ("NCLT") on October 9, 2025 and pronounced on October 16, 2025, Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited, Promoter Companies have merged with a member of our Promoter Group Entity namely Satellite Finance Private Limited. Further, pursuant to the aforesaid merger, 3,00,201 shares held by Shankar Sales Promotion Private Limited and 6,71,600 shares held by Vinsan Brothers Private Limited have been registered in favour of Satellite Finance Private Limited.

(v) Terms/right attached to Equity/Preference Shares -

The Holding Company has issued equity share of ₹1/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up equity capital of the 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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

B. Other Equity

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Retained Earnings	2,549.19	2,241.94
(ii) Components of Other Comprehensive Income		
a. Debt instrument through other comprehensive income	(8.65)	-
b. Changes in fair value of FVOCI equity instruments	78.16	107.08
c. Foreign currency translation reserve	(5.30)	(3.78)
(iii) Other Reserves*		
a. Securities Premium	2,040.77	1,505.98
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	0.83	1.01
d. Capital reserve (on bargain purchase)	2.22	2.22
(iv) Money received against Convertible Warrants	-	-
Total	4,737.72	3,934.94

(1) *Brief description of Other Reserves:

- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each
- Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Holding Company for employees of the Group.

(i) Retained Earnings

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	2,241.94	2,091.66
Add: Net profit for the year	329.44	173.27
Add/Less: adjustments for-		
Other Comprehensive Income for the year	1.58	1.31
Dividend paid on Equity shares for previous year	(14.43)	(28.85)
Adjustment of dividend to ESOP trust	0.01	0.01
Share of Loss/ (Profit) of Non-Controlling Interest during the year	(17.70)	4.14
Transfer to Retained Earnings	8.35	0.40
Closing Balance	2,549.19	2,241.94



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI debt instruments	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve
As at April 1, 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)
Increase during the year	-	-	-
Decrease during the year	8.65	28.91	1.52
As at March 31, 2026	(8.65)	78.17	(5.30)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption Reserve	Employee Share based payment reserve	Capital Reserve
As at April 1, 2024	1,491.91	80.50	1.02	2.22
Increase during the year	15.24	-	-	-
Decrease during the year	1.17	-	-	-
As at March 31, 2025	1,505.98	80.50	1.02	2.22
Increase during the year	535.46	-	-	-
Decrease during the year	0.67	-	0.18	-
As at March 31, 2026	2,040.77	80.50	0.84	2.22

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2024	3.80
Increase during the year	10.20
Decrease during the year	14.00
As at March 31, 2025	-
Increase during the year	-
Decrease during the year	-
As at March 31, 2026	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

23 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Borrowings		
Term Loans from Banks*	239.19	260.93
Term Loans from Others*	190.62	141.63
Vehicle Loans from Banks	5.80	4.19
	435.61	406.75
Un-Secured		
Borrowings		
Term Loans from Banks*	154.83	99.62
Term Loans from Others	14.92	-
	169.75	99.62
Less: Current maturities of secured and un-secured borrowings	(215.48)	(116.47)
Total	389.88	389.90

* net off of ₹ 3.23 crore (Previous year ₹ 3.70 crore) as finance charge

Regarding Holding Company:

- Term Loan of ₹ 22.38 crore (Previous year ₹ 37.11 crore) and ₹ 169.70 crore (Previous year ₹ 178.01 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 M/s MN Ventures Private Limited. Repayment of these term loans would be made in 28 structured quarterly instalments over a period of 7 years commencing after moratorium period i.e. 12 months after date of commencement of the project and 23 structured quarterly instalments over a period of 5 years & 9 months commencing after moratorium period i.e. 3 months after date of commencement of the project respectively
- Term Loan of ₹ NIL/- (Previous year ₹ 9.13 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 M/s MN Ventures Private Limited. Repayment of this term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period.
- Term Loan of ₹ 36.53 crore (Previous year ₹ 22.07 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 M/s MN Ventures Private Limited. Repayment of this term loan would be made in 16 equated quarterly instalments over a period of 4 years after moratorium period of 3 months.
- Term Loans of ₹ 7.86 crore (Previous Year 5.14 crore) from bank are secured by way of hypothecation of residential properties situated at Gurugram which is yet to be registered in the name of the Company.
- Term Loans of ₹ 52.83 crore (Previous Year 65.19 crore) 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 M/s 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.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- f) Term Loan of ₹ 60.24 crore (Previous Year Nil) from other (NBFC) is secured by way of exclusive charge on Movable Fixed Assets funded through loan for IBR facility at Hyderabad and Goa Plants. 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 18 equated quarterly instalments over a period of 4.5 years.
- g) Vehicle Loans of ₹ 5.80 crore (Previous Year ₹ 4.19 crore) from banks are secured by way of hypothecation of respective vehicle.
- h) Out of total un-secured term loan from banks of ₹ 154.83 crore (Previous Year ₹ 99.62 crore), term loan of ₹ 44.95 crore (Previous Year ₹ 40.00 crore) is guaranteed by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited.
- i) Total un-secured term loan from others of ₹ 14.92 crore (Previous Year ₹ Nil) is guaranteed by personal guarantee of Managing Director of the Company.

Regarding Subsidiary Company:

- j) Term Loan of ₹ 2.72 Crore (Previous year ₹ 9.47 Crore) from bank and Term Loan of ₹ 77.55 Crore (Previous year 76.44 Crore) from others 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 M/s MN Ventures Private Limited and pledge of 23.90% shareholding of the Holding Company in HTL Ltd.

k) Term and other Loans - Repayment schedule and rate of interest:

Particulars	Secured		Unsecured
	Term Loan	Vehicle Loan	Term Loan
Secured			
Rate of Interest	8.75% to 10.70%	7.50% to 9.70%	7.50% to 10.25%
Outstanding amount	429.81	5.80	169.75
Repayment Due			
FY 2026-27	102.16	1.73	111.59
FY 2027-28	120.82	1.63	46.67
FY 2028-29	98.28	1.11	11.49
FY 2029-30 and onwards	108.55	1.33	-

24 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
Provisions for Employee Benefits (refer note no. 45)		
Provision for Gratuity	32.57	27.29
Provision for Leave Encashment	30.06	25.72
Total	62.63	53.01

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Borrowings - Loans repayable on demand		
Secured		
(i) from banks - Working Capital *	620.10	475.16
(ii) Current maturities of long-term borrowings; (refer note 23)	103.89	106.47
Unsecured		
(i) from banks - Vendors/ Customers bills discounting	281.91	223.95
(ii) from other parties - Inter Corporate Deposit #	206.00	135.58
(iii) Current maturities of long-term borrowings; (refer note 23)	111.59	10.00
Total	1,323.49	951.16

Notes:

A. Regarding Holding Company:

- *a) Working Capital Loans from banks aggregating to ₹ 479.73 Crore (Previous year: ₹ 421.34 Crore) are secured on pari passu basis by way of hypothecation of all current assets of the company excluding assets of specific turnkey projects as well as by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.
- *b) Working Capital Loan from Bank aggregating to ₹ 140.37 Crore (Previous year: ₹ 53.82 Crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of specific turnkey projects. The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project for project specific lenders.

B. Regarding Subsidiary Company:

- c) *Working capital loan of ₹ 94.00 Crore (Previous year: ₹ 80.83 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 M/s MN Ventures Private Limited and pledge of 23.90% shareholding of the Holding Company in HTL Limited.

C. Unsecured vendor/customer bills discounting is repayable on due dates as agreed with the respective banks

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 12% to 15%.

26 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Payables - Undisputed		
Due to Micro and Small Enterprises	113.93	74.44
Others	893.51	1,004.22
Total	1,007.44	1,078.66



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Ageing of undisputed trade payables as at March 31, 2026

Particulars	Due to Micro and Small Enterprises	Others
Not due	107.64	647.80
Less than 1 year	5.18	178.97
1-2 years	1.11	31.20
2-3 years	-	20.80
More than 3 years	-	14.74
Total	113.93	893.51

Note: There are no disputed trade payables.

Ageing of undisputed trade payables as at March 31, 2025

Particulars	Due to Micro and Small Enterprises	Others
Not due	64.98	702.50
Less than 1 year	9.09	235.83
1-2 years	0.25	16.57
2-3 years	0.12	48.59
More than 3 years	-	0.73
Total	74.44	1,004.22

Note: There are no disputed trade payables.

27 Other Financial Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Retention Money*	172.82	221.51
Interest accrued but not due	0.45	0.32
Security deposit	3.60	4.91
Creditors for Capital Goods	37.12	8.60
Expenses Payables	263.31	184.25
Other Employees related liabilities	24.60	22.09
Unpaid Dividends	0.99	1.03
Total	502.89	442.71

* retention money are due on completion of erection/contracts/final acceptance by the Group.

28 Current Tax Liabilities (net)

Particulars	As at March 31, 2026	As at March 31, 2025
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	59.99	1.54
Total	59.99	1.54

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

29 Other Current Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory Liabilities payable	57.09	49.86
Advance from Customers	214.30	158.46
Contract Liability – Deferred revenue (Refer note 31)	24.26	18.48
Total	295.65	226.80

30 Current Liabilities - Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
Provisions for Employee Benefits (refer note no. 45)		
Provision for Gratuity	6.19	5.06
Provision for Leave Encashment	6.98	10.77
Total	13.17	15.83

31 Revenue from operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale and Services		
- Manufacturing and trading activities	2,965.15	2,442.02
- Turnkey project related activities	1,963.11	1,614.63
Other Operating Revenues		
- Scrap sale	5.46	3.16
- Export Incentives	15.55	4.71
Total	4,949.27	4,064.52

Notes:

- While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115.
- Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic re-validations of the estimates, partial achievement of the stipulated contractual milestones, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 23.75 Crore (Previous year ₹ 18.48 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, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	652.07	376.91
Revenue recognised during the year	132.61	433.24
Invoices raised during the year	181.15	158.08
Balance at the end of the year	603.53	652.07



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

(b) Changes in contract liabilities (Unearned revenue) are as follows

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	18.48	30.01
Increase due to invoicing during the year	24.25	-
Revenue recognised that was included in the unearned and deferred revenue *	18.48	11.53
Balance at the end of the year	24.25	18.48

* 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, 2026	For the year ended March 31, 2025
Other non-operating income		
Interest Income	25.13	26.06
Financial guarantee Income	0.30	0.30
Exchange Fluctuation Income (net)	35.36	11.97
Insurance claim received	1.03	6.67
Excess Provision written back	0.02	0.76
Bad Debt Recovered	-	2.61
Liquidated Damages recovered	-	5.94
Others	3.41	3.45
Total	65.25	57.76

33 Cost of Material Consumed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening Stock	239.63	210.70
Add: Purchases during the year	1,447.11	1,261.06
	1,686.74	1,471.76
Less: Closing Stock	279.27	239.63
Total	1,407.47	1,232.13

34 Other Direct Costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Project and labour service charges	406.04	624.12
Consumption of Packing Material	48.13	29.10
Consumption of stores and spares parts	39.29	21.09
Loose Tools written off	2.22	2.11
Total	495.68	676.42

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

35 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Closing Stock		
Finished Goods	148.51	116.53
Stock in Trade- Goods	697.85	336.71
Work-in-progress	241.95	177.09
	1,088.31	630.33
Opening Stock		
Finished Goods	116.53	126.38
Stock in Trade- Goods	336.71	170.83
Work-in-progress	177.09	240.33
	630.33	537.54
Total	(457.98)	(92.79)

36 Employee benefits expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and allowances	409.67	330.82
Contribution to Provident and other funds	17.60	17.25
Staff welfare expenses	17.99	15.48
Total	445.26	363.55

37 Finance costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on loan from Banks and Others	110.24	67.01
Other Interest (net)	50.89	47.47
Bank Charges and loan processing fee	77.66	68.85
Interest on lease liabilities (refer note no. 43)	3.27	1.68
Total	242.06	185.01



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

38 Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	22.87	8.36
Rates and Taxes	13.16	10.24
Auditors' Remuneration		
- Audit Fees	2.48	2.31
- In Other Capacity*	0.18	0.17
- Out of pocket expenses	0.25	0.24
Legal and Professional Charges	76.72	50.47
Communication Expenses	3.36	3.26
Travelling and Conveyance Expenses	46.72	46.66
Power and Fuel & Water Charges	50.68	37.10
Repairs and Maintenance	18.27	13.67
Insurance Expenses	16.01	15.78
Selling & Distribution Expenses	195.75	64.01
Bad debts, Advances, other balances written off (net)	29.03	0.94
Expected credit loss allowance (net) (refer note 15)	20.30	9.29
Sitting Fees to non-executive directors	0.99	0.76
Loss on sale of Property Plant and equipment	2.14	0.14
Research & Product Development Expenses	1.71	6.10
Corporate Social Responsibility Expenses	6.90	9.28
Miscellaneous Expenditure	33.08	29.36
Total	540.60	308.14

*Excluding Professional fee of ₹ 0.45 Crore (Previous Year ₹ Nil) paid to auditors of the Holding Company toward 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, 2026	For the year ended March 31, 2025
Basic & Diluted Earnings per share		
Profit/Loss for the year	329.44	173.27
Profit attributable to ordinary shareholders (A)	311.74	177.41
Weighted average number of ordinary shares (B) (used as denominator for calculating basic EPS)	1,46,62,81,321	1,44,26,30,894
Potential equity shares	-	-
Weighted average number of ordinary shares (C) (used as denominator for calculating diluted EPS)	1,46,62,81,321	1,44,26,30,894
Nominal value of ordinary share	₹ 1/-	₹ 1/-
Earnings per share-Basic (A/B)	2.13	1.23
Earnings per share-Diluted (A/C)	2.13	1.23

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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. In applying its accounting policies, management has exercised significant judgement in determining the classification & presentation of the assets and liabilities in the financial statement.

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 capitalisation of Capital Work-in-Progress and intangible assets under development is based on management's judgment that technological and economic feasibility has been established and that the assets are expected to generate future economic benefits. Based on the evaluations performed, management has determined that there are no indicators of impairment for these assets.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. Further, the Group has exercised judgement in, interpreting the provisions of the notified Labour Codes, particularly with respect to the definition of wages and assessing the impact of ongoing salary restructuring initiatives. Given that detailed Central and State Rules and clarifications are still evolving, the Group continues to monitor regulatory developments. The ultimate impact on employee benefit obligations may differ from the amounts recognised as at the reporting date. 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



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Group has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

7. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

8. Contingencies

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

9. Fair Value of Unquoted equity investments:

In order to arrive at the fair value of unquoted investments (other than Jointly Controlled Entities), the Group obtains independent valuations. The techniques used by the valuer is Asset approach - Net assets value method and Income approach- discounted cash flow method. The Group reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

41 Research & Development

The Group has extensive research capabilities, continued innovation and unique capabilities as it is able to innovate and provide end to end solutions to its customers. R&D Centres of the Group are focused on developing telecom, defence and networking products to be intensively deployed in communication networks and are situated at Bengaluru (Karnataka), Gurugram (Haryana) and Hyderabad (Telangana). All 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, 2026	For the year ended March 31, 2025
(i) Recognised as expenses in statement of Profit & Loss	1.71	6.10
(ii) Capital Expenditure on:		
(a) Property Plant & Equipment	1.05	5.62
(b) Intangible Assets	29.91	26.27
(c) Intangible Assets under development being expenditure on new product development	49.67	139.44
Total	82.34	177.44

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

42 Dividend Distribution made and proposed

The amount of dividend recognised as distributions to equity shareholders during the year ended March 31, 2026 is @ 10%, i.e. ₹ 0.10/- per equity share of face value of ₹ 1/- each (Previous Year ₹ 0.20/- per equity share). The Board of Directors of the Holding Company at its meeting held on May 22, 2025 had recommended such dividend of 10% for the financial year ended March 31, 2025 which was approved by the shareholders at the Annual General Meeting held on September 15, 2025. The aforesaid dividend was paid during the year ended March 31, 2026.

The Board of Directors of the Holding Company have recommended a dividend of 20% (i.e. ₹ 0.20/- per equity share of face value of ₹ 1/- each) for the financial year ended March 31, 2026 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, 2026	Net carrying amount as at March 31, 2026	Additions/ (Deductions) for the year ended March 31, 2025	Net carrying amount as at March 31, 2025
Land	-	0.08	-	0.08
Buildings	23.99	28.29	12.43	16.57
Total	23.99	28.37	12.43	16.65

Depreciation on right-of-use asset is as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Land	-	-
Buildings	12.27	7.49
Total	12.27	7.49

The details of the Lease Liabilities payable by the Group is as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Current Liabilities	12.21	8.97
Non-Current Liabilities	18.80	9.73
Total	31.01	18.70

Interest on lease liabilities is ₹ 3.27 Crore and ₹ 1.68 Crore for the year ended March 31, 2026 and March 31, 2025 respectively.

Lease contracts entered by the Group majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Group does not have any lease restrictions and commitment towards variable rent as per the contract. The leases that the Group has entered with lessors towards properties used as warehouses/offices are long term in nature.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

44 (a) Information of Subsidiary Companies & Jointly Controlled Entities:

The following is the list of all subsidiary companies, step down subsidiaries & jointly controlled entities along with the proportion of voting power held:

Name of the Subsidiary Companies, step down subsidiaries & Jointly Controlled Entities	Percentage of Holding	Incorporated In
HTL Limited	74%	India
Polixel Security Systems Private Limited	100%	India
Moneta Finance Private Limited	100%	India
HFCL Advance Systems Private Limited	100%*	India
Radeff Private Limited	90%	India
DragonWave HFCL India Private Limited	100%	India
HFCL Technologies Private Limited	100%	India
HFCL Inc.	100%	USA
HFCL B.V.	100%	Netherlands
Step down subsidiaries of HFCL B.V.		
HFCL Canada Inc.	100%	Canada
HFCL Poland Sp. z.o.o. (Formerly Blue Diwali Sp. Z.o.o.) (voluntary liquidated and its name has been removed from National Court Register w.e.f. January 02, 2026)	100%	Poland
HFCL UK Limited (w.e.f. July 5, 2024)	100%	UK
HFCL Pty Limited (w.e.f. October 28, 2024)	100%	Australia
Nimpaa Telecommunications Private Limited (Jointly Controlled Entity)	50%	India
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	50%	India

*jointly with subsidiary company

(b) Additional Information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries/Jointly Controlled Entities

Name of the Enterprises	Net assets i.e total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount	As % of Consolidated net assets	Amount
Parent/Holding Company				
HFCL Limited	95.54	4,727.44	78.49	235.68
Subsidiaries - Indian				
HTL Limited	4.53	223.98	16.61	49.87
Polixel Security Systems Private Limited	0.05	2.36	(1.35)	(4.07)
Moneta Finance Private Limited	0.06	2.74	0.01	0.03
HFCL Advance Systems Private Limited	-	(0.02)	(0.01)	(0.02)
Radeff Private Limited	(0.05)	(2.32)	0.64	1.93
DragonWave HFCL India Private Limited	0.11	5.59	(1.66)	(4.97)
HFCL Technologies Private Limited	0.60	29.78	(2.31)	(6.94)

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

Name of the Enterprises	Net assets i.e total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount	As % of Consolidated net assets	Amount
Subsidiaries - Foreign				
HFCL INC.	1.00	49.51	16.72	50.21
HFCL B.V.	0.14	6.93	0.69	2.08
Jointly Controlled Entities- Indian				
Nimpaa Telecommunications Private Limited	-	-	(0.11)	(0.32)
BigCat Wireless Private Limited	-	-	0.23	0.68
Inter Company Elimination & Adjustments	(3.15)	(155.24)	(13.85)	(41.58)
Non-Controlling interest in all subsidiaries				
HTL Limited	1.17	58.08	5.83	17.52
Radeff Private Limited	-	(0.23)	0.07	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, 2026	For the year ended March 31, 2025
Employer's Contribution to Provident Fund	17.52	17.22

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.

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial assumptions		
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.70%	6.93%
Rate of increase in Compensation levels	7.57%	6.80%
Average remaining working lives of employees (Years)	16.76	17.22



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	35.96	32.88
Acquisition adjustment	-	-
Interest Cost	2.50	2.37
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	5.66	5.16
Curtailment cost/(Credit)	5.54	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(4.93)	(3.04)
Actuarial (gain)/ loss on obligations	(2.11)	(1.41)
Present value of obligation as at the end of the period	42.62	35.96
Table showing changes in the fair value of plan assets:		
Fair value of plan assets at beginning of the year	3.61	3.35
Acquisition adjustments	Nil	Nil
Expected return of plan assets	0.25	0.24
Employer contribution	-	-
Benefits paid	Nil	Nil
Actuarial gain/ (loss) on obligations	-	0.02
Changes deducted	-	-
Fair value of plan assets at year end	3.86	3.61
Other Comprehensive Income		
Actuarial (gain)/loss for the period - Obligation	(2.11)	(1.41)
Actuarial (gain)/loss for the period - Plan assets	-	(0.02)
Total (gain)/loss for the period	(2.12)	(1.44)
Actuarial (gain)/loss recognised in the period	(2.12)	(1.44)
Unrecognised actuarial (gains)/losses at the end of the period	Nil	Nil
The amounts to be recognised in Consolidated Balance Sheet:		
Present value of obligation as at the end of the period	42.62	35.96
Fair value of plan assets as at the end of the period	3.86	3.61
Funded Status	(38.76)	(32.35)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(38.76)	(32.35)
Expenses recognised in Consolidated Statement of Profit and Loss:		
Current service cost	5.66	5.16
Past service cost (Vested Benefit)	Nil	Nil
Interest Cost	2.50	2.37
Expected return on plan assets	(0.25)	(0.26)
Curtailment and settlement cost /(credit)	Nil	Nil
Expenses recognised in the Consolidated Statement of Profit and Loss	7.91	7.27

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Table showing bifurcation of employee benefit obligations		
Current Liability	6.19	5.06
Non-Current Liability	32.57	27.29
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	42.62	35.96
Impact due to increase of 0.5%	(1.54)	(1.42)
Impact due to decrease of 0.5%	1.65	1.53
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	42.62	35.96
Impact due to increase of 0.5%	1.64	1.52
Impact due to decrease of 0.5%	(1.55)	(1.43)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		
Maturity profile of defined benefit obligation:		
March 2026 to March 2027	6.19	5.05
March 2027 to March 2028	3.92	2.48
March 2028 to March 2029	2.72	2.86
March 2029 to March 2030	2.44	2.11
March 2030 to March 2031	2.83	1.93
March 2031 to March 2032	2.96	2.61
March 2032 onwards	21.56	18.92
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.86	3.61

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

Particulars	Leave Encashment	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial assumptions		
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.70%	6.93%
Rate of increase in Compensation levels	7.57%	6.80%
Average remaining working lives of employees (Years)	17.71	17.71



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Leave Encashment	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Table showing bifurcations of Employee Benefits obligations:		
Present value of obligation as at the beginning of the year	36.49	30.23
Acquisition adjustment	-	-
Interest Cost	2.51	2.17
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	6.97	6.74
Curtailment cost/(Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(12.09)	(5.43)
Actuarial (gain)/ loss on obligations	(0.58)	2.78
Present value of obligation as at the end of the period	37.04	36.49
Table showing bifurcation of employee benefit obligations:		
Current Liability	6.98	10.77
Non-Current Liability	30.06	25.72
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	37.04	36.49
Impact due to increase of 0.5%	(1.54)	(1.37)
Impact due to decrease of 0.5%	1.67	1.49
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	37.04	36.49
Impact due to increase of 0.5%	1.66	1.48
Impact due to decrease of 0.5%	(1.54)	(1.37)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		

46 Operational Buyers' Credit and Supplier Financing arrangement

Operational Buyers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 4.50%-8.50% per annum. These trade credits are generally repayable within 240 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.

The Group participates in a supply chain financing (SCF) arrangement with a bank. Under this arrangement, the bank pays amounts to participating suppliers on behalf of the Group in respect of invoices raised and subsequently recovers the settlement from the Group at a later date.

The arrangement was initiated by the Group with the objective of supporting its working capital management. As part of the arrangement, the Group is able to avail an extended credit period of up to six months, compared to the normal contractual credit period of 30-120 days agreed with suppliers. In return for this extended credit period, the Group bears an interest cost payable to the finance provider.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Accordingly, the Group has shown the related liabilities under borrowings and operational buyers' credit.

Particulars	March 31, 2026	April 01, 2025
Carrying amount of financial liabilities under Supplier Finance Arrangement	433.87	324.40
- Presented under borrowings	281.91	162.20
- Presented under operational buyers' credit	151.95	162.20
Out of above supplier have received payment from finance provider	433.87	324.40
Contractual credit period agreed with the suppliers that are not part of the arrangement	30-120 days from Invoice date	
Extended credit period availed under supplier financial arrangement	120-240 days from Invoice date	

47 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Unexpired Letters of Credit (margin money kept by way of fixed deposits of ₹ 67.74 Crore; Previous year ₹ 25.93 Crore)	357.69	180.98
(ii) Guarantees given by banks on behalf of the Group (margin money kept by way of fixed deposits of ₹ 102.67 Crore; Previous year ₹ 165.21 Crore)	764.31	954.57
(iii) Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 7.58 Crore (previous year ₹ 2.28 Crore) shown as recoverable advance)	74.36	49.85

Notes:

- The Group's pending litigations comprise of claims against the Group and proceedings pending with Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.
- 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.
- 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.
- The Group has outstanding term derivative contracts as referred in note no. 58
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled entities incorporated in India.

(b) Capital and Other Commitments

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	285.31	216.62
Benefit of custom duty availed under EPCG Scheme against which export obligations are pending	83.96	70.56
Uncalled capital Commitment pertaining to investments	2.00	5.00



Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

- i) Pursuant to the approval granted by the Board of Directors of holding company, on 25 March 2026, one of the subsidiary has undertaken to set up a Preform Manufacturing Facility as part of the group's backward integration strategy in the Optical Fiber Cable (OFC) business.

(c) Detail of Financial Guarantees given

Issued in favour of	Issued to	As at March 31, 2026	As at March 31, 2025	Credit facilities Extended by Banks
Microwave Communications Limited	Credit Lyonnais Bank	9.60	9.60	Ad-hoc BG
Microwave Communications Limited	The Vysya Bank Ltd	4.06	4.06	Working Capital
Exicom Tele-Systems Limited	Punjab National Bank led consortium	6.50	6.50	Working Capital

- 48** In the opinion of the Board of Holding Company, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

Balances of various trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Consolidated Financial Statements.

- 49** Holding Company's manufacturing facility at Solan has been operating at a significantly reduced capacity due to rapid technological advancements and changes in the industry landscape. The facility is currently primarily engaged in job work operations. The Management of the Holding Company is currently evaluating various strategic options with respect to the Solan plant, including the possibility of discontinuation of operations and disposal of the related assets.

Accordingly, the Holding Company has assessed the existence of impairment indicators in respect of the facility in accordance with Ind AS 36. Based on such assessment, the recoverable amount of the assets has been evaluated and impairment loss, if any, has been recognised in the Statement of Profit and Loss. As at the reporting date, the criteria for classification of assets as "held for sale" under Ind AS 105 have not been met. Accordingly, these assets continue to be classified under property, plant and equipment in accordance with Ind AS 16.

50 Related Party Disclosures as required by Ind AS - 24 and Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Name and description of related parties

Relationship	Name of Related Party
(a) Key management personnel:	Mr. Mahendra Nahata, Managing Director- HFCL Limited Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited Mr. Manoj Baid, President & Company Secretary- HFCL Limited Mr. G. S. Naidu, COO & Manager - HTL Limited Mr. C. D. Ponnappa, Chief Financial Officer - HTL Limited Mr. S Narayanan, Company Secretary- HTL Limited Mr. Kannaji Chandrasekhar, Wholetime Director- Raddef Private Limited Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited Mr. Piyush Kumar, Company Secretary-HFCL Technologies Private Limited
(b) Jointly Controlled Entities:	Nimpaa Telecommunications Private Limited BigCat Wireless Private Limited

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Relationship	Name of Related Party
(c) Post Employment Benefit Plans:	HFCL Employees Group Gratuity Trust HFCL Employees Trust - ESOP
(d) Enterprises owned or Significantly influenced by key management personnel or their relatives:	MN Ventures Private Limited NextWave Communications Private Limited Exicom Tele-Systems Limited Exicom Energy System Private Limited Exicom Power Systems Private Limited Satellite Finance Private Limited Shankar Sales Promotion Private Limited (Merged with Satellite Finance Private Limited w.e.f. November 25, 2025) Vinsan Brothers Private Limited (Merged with Satellite Finance Private Limited w.e.f. November 25, 2025) Fitcore Tech-Solutions Private Limited Evanser Spaces LLP Media Matrix Worldwide Limited
(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, 2026 are as under:**

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Purchases/receiving of Goods & services		
Exicom Tele-Systems Limited	64.43	11.24
Exicom Energy System Private Limited	-	0.01
Nimpaa Telecommunications Private Limited	-	2.81
Sales/rendering of Goods & Materials		
Exicom Tele-Systems Limited	0.54	3.53
Exicom Energy System Private Limited	0.08	0.78
Nimpaa Telecommunications Private Limited	0.25	0.16
Income - Rent /Other Income		
Exicom Tele-Systems Limited	0.47	0.47
Exicom Energy System Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
MN Ventures Private Limited	0.01	-
NextWave Communications Private Limited	0.01	-
Media Matrix Worldwide Limited	0.03	-
Income - Interest on Loan given		
Nimpaa Telecommunications Private Limited	0.08	0.17
Expenses - Rent /Other expenses		
Exicom Tele-Systems Limited	0.92	0.92
Nimpaa Telecommunications Private Limited	6.82	7.26
Satellite Finance Private Limited	0.39	0.39
Shankar Sales Promotion Private Limited	-	0.20
Evanser Spaces LLP	1.52	1.12
Vinsan Brothers Private Limited	-	0.19



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(0.15)	(1.75)
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	-	0.15
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.50	0.25
Dividend paid		
MN Ventures Private Limited	2.21	5.92
NextWave Communications Private Limited	1.95	4.00
Shankar Sales Promotion Private Limited	-	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.22	0.44
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.01	0.03
Mr. Anant Nahata, Relative of Key Managerial personnel	0.01	0.05
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.02	0.04
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	-	0.01
Mr.G.S.Naidu, COO & Manager - HTL Limited	-	0.01
HFCL Employees Trust	0.01	0.01
Closing Balances of Trade Receivables		
Exicom Tele-Systems Limited	7.59	0.24
Exicom Energy System Private Limited	0.16	0.41
Nimpaa Telecommunications Private Limited	0.01	0.21
Closing Balances of Loans		
Nimpaa Telecommunications Private Limited	0.60	0.75
Interest Receivable		
Nimpaa Telecommunications Private Limited	0.05	0.02
Closing Balances of Security Deposit		
Satellite Finance Private Limited	0.16	0.16
Evanser Spaces LLP	0.38	0.38
Exicom Tele-systems Limited	0.42	0.42
Closing Balances of Trade Payables		
Exicom Tele-Systems Limited	-	0.56
Exicom Energy System Private Limited	-	0.01
Nimpaa Telecommunications Private Limited	2.33	0.76
MN Ventures Private Limited	0.70	3.44
Contribution towards ESOP Trust		
HFCL Employee Trust (Net)	0.83	1.33
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	0.47	5.36
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.75	0.25

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Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Remuneration of Key Management Personnel's*		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	12.07	7.50
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	4.42	3.20
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	1.29	0.76
Mr.G.S.Naidu, COO & Manager - HTL Limited	1.60	1.13
Mr. C. D. Ponnappa, Chief Financial Officer- HTL Limited	0.78	0.85
Mr. S Narayanan, Company Secretary- HTL Limited	0.41	0.38
Mr. Kannaji Chandrasekhar, Wholetime Director- Raddef Private Limited	0.98	0.49
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited	0.12	0.12
Mr. Piyush Kumar, Company Secretary- HFCL Technologies Private Limited	0.15	0.10
Remuneration payable to Key Management Personnel's		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.13	0.72
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.22	0.13
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.09	0.04
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited.	-	0.01
Mr. Piyush Kumar, Company Secretary-HFCL Technologies Private Limited	0.01	0.01
Mr. Kannaji Chandrasekhar, Wholetime Director- Raddef Private Limited	0.17	0.03
Mr. G. S. Naidu, COO & Manager - HTL Limited	0.36	0.26
Mr. C. D. Ponnappa, Chief Financial Officer- HTL Limited	0.06	0.18
Mr. S Narayanan, Company Secretary- HTL Limited	0.03	0.06

*The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary

Major Terms and Conditions of transactions with related parties:

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions
- The remuneration to Key Managerial Personnel are in line with the HR policies of the group.
- Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with HR policies of the group.
- The Holding Company makes advances to its associate companies to cater their short term business requirements. Such advances carry interest rates at the rate applicable to the term loans as per Holding Company's policy.
- The interest and /or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Holding Company and dividend paid on such securities is uniformly applicable to all the holders.
- Outstanding balances of group companies at the year-end are unsecured.

51 Segment Reporting

In accordance with IND AS 108, Operating Segments, the Group discloses the segment information.

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The operating segments have been identified on the basis of nature of products.

- Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- 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, defence, 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, Defence and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

Particulars	For the Year ended	
	March 31, 2026	March 31, 2025
Segment Revenue		
Turnover	4,949.27	4,064.52
Telecom Products	2,931.01	2,390.19
Defence Product & Services	76.70	46.88
Turnkey Contracts and Services	1,875.01	1,589.46
Others	66.55	37.99
Segment Result (Profit/Loss before interest and tax)		
Telecom Products	763.92	134.47
Defence Product & Services	(5.05)	0.11
Turnkey Contracts and Services	(113.01)	253.17
Others	(2.04)	(6.14)
Total	643.82	381.61
Unallocated Finance charges	242.06	185.01
Unallocated expenses	7.30	10.54
Unallocated Income	(33.22)	(30.53)
Profit before tax	427.68	216.59
Income tax (net)	98.24	43.33
Profit after tax	329.44	173.27

Particulars	Segment assets		Segment Liabilities	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Telecom Products	3,977.84	2,965.48	1,306.06	1,551.51
Defence Product & Services	256.95	162.18	59.09	24.35
Turnkey Contracts and Services	3,765.29	3,501.82	1,322.58	920.92
Others	33.92	34.84	22.06	17.06
Total	8,034.00	6,664.32	2,709.79	2,513.84
Unallocated other assets/liabilities	833.57	881.98	1,209.19	913.14
Total assets	8,867.57	7,546.30	3,918.98	3,426.98

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation, Impairment and Amortisation expenses		
Telecom Products	146.94	99.48
Defence Product & Services	8.28	4.41
Turnkey Contracts and Services	2.16	1.62
Others	-	-
Total	157.38	105.51
Capital Expenditure		
Telecom Products	325.41	412.24
Defence Product & Services	53.34	11.06
Turnkey Contracts and Services	5.60	3.12
Others	0.13	0.24
Total	384.48	426.66
Non-cash expenses other than Depreciation Impairment and Amortisation expenses		
Telecom Products	19.49	9.82
Defence Product & Services	0.24	0.08
Turnkey Contracts and Services	29.40	0.11
Others	0.19	0.21
Total	49.32	10.22

(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, 2026	Year ended March 31, 2025
(1) Revenue from External Customers		
Within India	2,902.09	3,567.55
Outside India	2,047.18	496.97
Total revenue as per statement of profit and loss	4,949.27	4,064.52
(2) Non-Current Assets		
Within India (excluding financial assets & deferred tax assets)	1,771.82	1,544.89
Outside India	0.13	0.03
Total	1,771.95	1,544.92

- (c) Revenue from one customer is ₹ 646.32 Crore (Previous Year ₹ 1,899.37 Crore from three customers), which is more than 10% of the total revenue of the Group Company.

- 52** Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 3.23 Crore (Previous year ₹ 2.75 Crore).



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(All amounts are in ₹ Crore)

53 The Holding Company has transactions with certain companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. The details are as following details:

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2026	Relationship with the Struck off company, if any, to be disclosed
B.S. Investment Company Pvt. Ltd.	Shareholder	-	Not Related
Ramdayal Associates Limited	Shareholder	-	Not Related
Canny Securities Private Limited	Shareholder	-	Not Related
Surakshit Securities Private Limited	Shareholder	-	Not Related
Aakansha Portfolio Private Limited	Shareholder	-	Not Related
Chothani Fibres Private Limited	Shareholder	-	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	-	Not Related
Indigo Exims India Private Limited	Shareholder	-	Not Related
Ankal Capital Limited	Shareholder	-	Not Related
Farhan Traders Private Limited	Shareholder	-	Not Related
Highlands Garments Pvt Ltd	Shareholder	-	Not Related
Home Trade Limited	Shareholder	-	Not Related
Bdja Securities Private Limited	Shareholder	-	Not Related
Pegasus Mercantile Private Limited	Shareholder	-	Not Related
Shahuji Global Solution Private Limited	Shareholder	-	Not Related
Vaishak Shares Limited	Shareholder	-	Not Related
Shri Funpoint Limited	Shareholder	-	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, 2025	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	-	Not Related
Acmechem Pvt Ltd	Shareholder	-	Not Related
Advait Finstock Private Limited	Shareholder	-	Not Related
Ankal Capital Limited	Shareholder	-	Not Related
Asha Latex & Allied Industries Pvt Ltd	Shareholder	-	Not Related
B S Investment Co.(P) Ltd.	Shareholder	-	Not Related
B S Investment Company Private Limited	Shareholder	-	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	-	Not Related
Bdja Securities Pvt Ltd	Shareholder	-	Not Related
Blue Mountain Holdings Private Limited	Shareholder	-	Not Related
Canny Securities Private Limited	Shareholder	-	Not Related
Chothani Fibres Pvt Ltd	Shareholder	-	Not Related
Citizen Securities Private Limited	Shareholder	-	Not Related
Classic Fin Services & Entp Ltd	Shareholder	-	Not Related
Dapki And Bavishi Securities Pvt. Ltd	Shareholder	-	Not Related
Emmel Financial Services	Shareholder	-	Not Related

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Enpee Investments Pvt Ltd	Shareholder	-	Not Related
Esskyennr Securities Limited	Shareholder	-	Not Related
Excel Capital Services P Ltd	Shareholder	-	Not Related
Exponential Financial Services Pvt Ltd	Shareholder	-	Not Related
Farhan Traders Pvt Ltd	Shareholder	-	Not Related
G- Mat Trading Pvt Ltd	Shareholder	-	Not Related
Highlands Garments Pvt Ltd	Shareholder	-	Not Related
Home Trade Limited	Shareholder	-	Not Related
Indiana International Private Limited	Shareholder	-	Not Related
Indigo Exim Pvt Ltd	Shareholder	-	Not Related
Jai Sri Securities	Shareholder	-	Not Related
Jalsagar Commercial Private Ltd	Shareholder	-	Not Related
Kanha Shares Pvt Ltd	Shareholder	-	Not Related
Krishna Hire Purchase Private Limited	Shareholder	-	Not Related
Lakshana Holdings (P) Ltd	Shareholder	-	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	-	Not Related
Malnad Investors Association Ltd	Shareholder	-	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	-	Not Related
N D Stocks Private Limited	Shareholder	-	Not Related
N.R.I Financial Services Ltd	Shareholder	-	Not Related
Nightingale Engg Inds Ltd	Shareholder	-	Not Related
Ramdayal Associates Ltd	Shareholder	-	Not Related
S J Capital Ltd	Shareholder	-	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	-	Not Related
Salasar Securities Pvt Ltd	Shareholder	-	Not Related
Shanker Stock & Capital Services Private Limited	Shareholder	-	Not Related
Spica Software Private Limited	Shareholder	-	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	-	Not Related
Sun Shine Holdings Pvt Ltd	Shareholder	-	Not Related
Sunpack Industries Private Limited	Shareholder	-	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	-	Not Related
The Punjab Electric Power Co Ltd	Shareholder	-	Not Related
The Secured Savings And Investment Ltd	Shareholder	-	Not Related
Vinod Housing Pvt Ltd	Shareholder	-	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	-	Not Related
Woodmen Products (P) Ltd	Shareholder	-	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	-	Not Related
Yash Vardhan Securities Ltd	Shareholder	-	Not Related
Zenith Logistics Private Limited	Shareholder	-	Not Related
Curinnov Services Private Limited	Vendor	0.02	Not Related
E Cell Infratel Pvt Ltd	Vendor	0.01	Not Related



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(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Influx Enterprises Pvt Ltd	Vendor	1.49	Not Related
Om Ashiana Pvt Ltd	Vendor	-	Not Related
Omega Towers And Infrastructures	Vendor	0.24	Not Related
Megastar Power Engineers Pvt	Vendor	0.05	Not Related
Vas Infratel Pvt Ltd	Vendor	0.04	Not Related
Anushree Transtrade Pvt Ltd	Vendor	0.01	Not Related
Swastika Tele Solutions Pvt Ltd	Vendor	-	Not Related
Pragmatica Infraventures Pvt Ltd	Vendor	0.21	Not Related
Aitmad Infrastructure Pvt Ltd	Vendor	0.03	Not Related
Himalayan Infracom Pvt Ltd	Vendor	-	Not Related
City Drilling Projects Pvt Ltd	Vendor	0.06	Not Related
PC Infradevelopers Pvt Ltd	Vendor	0.15	Not Related
Samay Infratech Private Ltd	Vendor	0.08	Not Related
HT Infratech Services Pvt Ltd	Vendor	0.07	Not Related

- 54** On October 15, 2018, pursuant to the approval by the shareholders, the Board of Directors of the Holding Company has been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Group under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹ 20.65 per share. The Employee can exercise the vested options/units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted shall vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3rd year and remaining 30% RSUs shall vest at the end of 4th year from the date of grant.

The RSUs granted under the HFCL Plan 2017 were forfeited due to non-achievement of defined annual performance parameters as determined by the Nomination, Remuneration and Compensation Committee 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, 2026 and March 31, 2025 is as follows:

Particulars	Shares arising out of options*	
	Year ended March 31, 2026	Year ended March 31, 2025
Employee Stock Options (ESOPs)		
Outstanding at the beginning	4,86,100	10,65,800
Granted	-	-
Exercised	2,58,700	3,21,300
Forfeited and expired	40,500	2,58,400
Outstanding at the end	1,86,900	4,86,100
Exercisable at the end	1,86,900	4,86,100

* Includes options granted to employees of subsidiary company

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(All amounts are in ₹ Crore)

The details of equity-settled ESOPs outstanding as at March 31, 2026 are as follows:

Range of exercise prices per share	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
20-25 (ESOPs)	1,86,900	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, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Nimpaa Telecommunications Private Limited	0.60	0.75	0.75	2.50

Details of loans given, investment made and guarantees given, covered under Section 186(4) of the Companies Act, 2013

- Loans given (refer notes 9 and 18) and investments (refer note 8 and 14) made are given under the respective heads. These loans has been granted for general corporate purpose, capital expenditure and working capital requirements.
- Corporate guarantees have been issued on behalf of subsidiary companies by the Holding Company, details of which are given in related party transactions. Refer note 50
- In addition to above, Holding Company has given Corporate Guarantee of ₹ 13.66 crore to other Body Corporate

56 In respect of subsidiary companies, the following additional notes to accounts are disclosed:

HTL LIMITED

- The Government of Tamil Nadu have executed a Deed of Indenture dated 30.09.1970 in favour of the Company for total land measuring 35.89 acres possessed by it since 1968 as Assignee in the Guindy Industrial Estate and registered the same vide Document No. 22 of 1972 at Sub- Registrar Office, Alandur. As agreed by Government of India on the proposal of Government of Tamil Nadu for surrender of the vacant land measuring 4.90 acres by the Company during the process of disinvestment of shares in the Company in 2001, the Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in 2002 in order to get a clear title for the remaining land of 30.99 acres. In this process, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu for 30.27 acres by issue of pattas, excepting the Approach Road of 0.72 acres. The Company has been continuously following up with Government of Tamil Nadu for obtaining the clear title for 30.99 acres.

In respect of the above said land, a Show Cause Notice (SCN) was issued on June 08, 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 June 19, 2020. The last hearing was fixed on August 20, 2024 but not listed. It is yet to be listed by the Hon'ble Madras High Court for next hearing.

The Company represented to the Government of Tamil Nadu requesting to restore the Company's Name in the Revenue Records and in consideration it will withdraw the above Writ Petition. It is under favourable consideration of the Government.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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 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.

57.1 Financial Instruments by category

Particulars	As at March 31, 2026			As at March 31, 2025		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	61.85	-	-	134.95	-
ii) Structured entity (current assets)	-	-	-	-	-	-
a) Sumedha Fiscal Services Limited	-	0.06	-	-	0.12	-
b) Valiant Communications Limited	-	-	-	-	0.34	-
c) Media Matrix Worldwide Limited	-	-	-	-	-	-
d) Nivetti Systems Private Limited	-	40.51	-	-	-	-
e) NSL Wind Power Company (Phoolwadi) Private Limited	-	-	-	-	0.11	-
B) Mutual funds	0.72	-	-	0.72	-	-
C) Debentures & Bonds	-	-	8.53	-	-	1.85
II) Trade receivables	-	-	2,481.98	-	-	2,301.59
III) Bank deposits	-	-	30.90	-	-	57.98
IV) Cash and Cash equivalents	-	-	37.67	-	-	70.52
V) Other Bank balances	-	-	430.75	-	-	420.80
VI) Security deposit for utilities and premises	-	-	429.72	-	-	435.14
VII) Other receivables	-	-	313.55	-	-	197.97
Total financial assets	0.72	102.42	3,733.10	0.72	135.52	3,485.85
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	1,492.45	-	-	1,205.48
B) From Others	-	-	220.92	-	-	135.58
II) Obligations under Finance Lease	-	-	31.01	-	-	18.70
III) Operational Buyers Credit	-	-	151.95	-	-	162.20
IV) Deposits	-	-	172.82	-	-	221.51
V) Trade payables	-	-	1,007.43	-	-	1,078.67
VI) Other liabilities	-	-	330.08	-	-	221.20
Total Financial liabilities	-	-	3,406.66	-	-	3,043.33

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

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, 2026

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2026	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.06	-	-
b) Valiant Communications Limited	14	-	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) Nivetti Systems Private Limited	14	-	-	40.51
e) Amplus Iru Private Limited	8	-	-	4.09
f) Exicom Tele-Systems Limited	8	-	-	57.63
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.06
h) Shankar Sales Promotion Private Limited	8	-	-	0.07
i) Atul Properties Private Limited	8	-	-	1.85
j) Smart Digivision Private Limited	8	-	-	6.68
k) Nivetti Systems Private Limited	8	-	-	-
Total Financial Assets		0.78	-	110.89

(b) Year Ending March 31, 2025

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2025	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.12	-	-
b) Valiant Communications Limited	14	0.34	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) NSL Wind Power Company (Phoolwadi) Private Limited	14	0.12	-	-
e) Amplus Iru Private Limited	8	-	-	4.09
f) Exicom Tele-Systems Limited	8	-	-	111.66
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
h) Shankar Sales Promotion Private Limited	8	-	-	0.07
i) Atul Properties Private Limited	8	-	-	1.85
j) Nivetti Systems Private Limited	8	-	-	19.08
Total Financial Assets		1.30	-	136.80



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

57.2 Management of Financial Risk

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

Particulars	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2026					
Trade payables	26	1,007.44	1,007.44	-	1,007.44
Retention Money	27	172.82	172.82	-	172.82
Obligations under finance lease	0	-	-	-	-
Other liabilities	23, 25, 27, 43, 47	2,226.40	1,817.72	408.68	2,226.40
As at March 31, 2025					
Trade payables	26	1,078.66	1,078.66	-	1,078.66
Retention Money	27	221.51	221.51	-	221.51
Other liabilities	23, 25, 27, 43, 47	1,743.16	1,343.53	399.63	1,743.16

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 2026 and 31 March 2025.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
PRICE RISK		
The Group is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments, the Group diversifies its portfolio in accordance with the limits as per the risk management policies.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
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, 2026 would increase/decrease by ₹ 11.17 Crore (for the year ended March 31, 2025: increase/decrease by ₹ 13.81 Crore) as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL.
INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.	In order to manage its interest rate risk, the Group diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional ₹ 4.28 Crore loss for year ended March 31, 2026 (₹ 3.35 Crore loss for year ended March 31, 2025).

Liquidity Risk

The Group has extended its credit facilities under supplier financing arrangements to support better working capital planning. It ensures that sufficient liquidity is maintained to settle these obligations with financing institutions on their revised due dates, thereby mitigating risks related to concentration and potential timing mismatches in cash outflows.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Group periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Group's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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 maximise the shareholder value. The following table provides detail of the debt and equity at the end of the reporting period:

Particulars	As at March 31, 2026	As at March 31, 2025
Debt	1,713.37	1,341.06
Less: Cash and Cash equivalents (Note 16)	(37.67)	(70.52)
Net Debt	1,675.70	1,270.54
Total Equity	4,948.59	4,119.32
Net Debt to Total Equity	0.34	0.31

58 Foreign Currency Exposure

- a) The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Group's strategy, which provides principles on the use of such forward contracts consistent with Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

- b) Details of outstanding Hedging Contracts relating to Foreign LCs and on direct purchase of capital items

Particulars	As at March 31, 2026		As at March 31, 2025	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	1,09,81,417	100.32	90,89,216	77.22

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

c) Foreign Currency exposure

Particulars		As at March 31, 2026		As at March 31, 2025	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	6,04,94,225	575.54	6,44,04,617	552.35
	RUB/INR	4,28,58,750	4.97	-	-
	EUR/INR	36,08,610	39.52	13,70,222	12.71
	GBP/INR	19,16,608	24.17	1,51,241	1.67
	MUR/INR	-	-	5,56,122	0.10
	BDT/INR	34,94,212	0.27	1,59,05,658	1.13
	SGD/INR	-	-	9,075	0.06
	CHF/INR	-	-	1,21,485	1.19
Trade receivable	USD/INR	8,83,32,256	848.44	2,33,58,619	199.06
	EUR/INR	52,65,143	56.95	54,02,639	49.49
	GBP/INR	29,98,285	37.52	47,76,164	52.41
	BDT/INR	3,61,00,372	2.74	3,61,00,372	2.53
	AUD/INR	3,65,690	2.36	9,288	0.05
	AED/INR	1,11,243	0.28	1,11,243	0.26
Cash and Bank Balances	USD/INR	15,92,655	15.04	10,61,540	9.05
	EUR/INR	2,59,438	2.81	-	-
	GBP/INR	3,68,855	4.60	7,40,825	7.78
	MUR/INR	-	-	38,48,958	0.72
	BDT/INR	22,30,821	0.17	6,94,582	0.05
Other Assets	USD/INR	1,52,20,262	144.04	-	-
	EUR/INR	34,563	0.37	-	-
	GBP/INR	29,64,012	36.98	32,97,839	36.33
	MUR/INR	-	-	9,37,364	0.17
	BDT/INR	4,01,68,639	3.05	3,97,59,736	2.78
Other Liabilities	USD/INR	20,50,492	19.37	-	-
	EUR/INR	95,679	1.05	-	-
	GBP/INR	5,81,170	7.31	6,69,892	7.44
	MUR/INR	-	-	4,425	-
	BDT/INR	-	-	10,81,949	0.08

d) Foreign currency sensitivity analysis:

The following details demonstrate the Group's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2026		Year ended March 31, 2025	
	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	(13.65)	13.65	17.66	(17.66)
RUB Impact	0.25	(0.25)	-	-
EURO Impact	(0.87)	0.87	(1.84)	1.84
GBP Impact	(0.67)	0.67	(2.54)	2.54
CHF Impact	-	-	0.06	(0.06)
MUR Impact	-	-	0.01	(0.01)
BDT Impact	(0.12)	0.12	(0.07)	0.07
AED Impact	(0.01)	0.01	(0.01)	0.01
AUD Impact	(0.12)	0.12	-	-
SGD Impact	-	-	-	-

59 Tax Reconciliation

Particulars	F.Y. 2025-26	F.Y. 2024-25
Net Profit as per Statement of Profit and Loss (before tax)	427.68	216.60
Current Tax rate @ 25.17%	110.20	56.99
Adjustment:		
Amount allowed as deduction under Income Tax Act, 1961	(8.25)	(1.43)
Adjustments in respect income-tax of earlier years	6.39	0.69
Other adjustments including DTA on accumulated capital loss	(10.10)	(12.92)
Tax expenses recognised during the year	98.24	43.33
Effective tax rate	22.97%	20.00%

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)

Recent pronouncements 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. In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements. In August 2025, MCA notified the following amendments to: 1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Group has no impact of these amendments in its classification criteria of current and non-current liabilities. 2. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments:

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Group has evaluated these amendments and provided the required disclosures in the financial statements and it does not have any significant impacting its financial statements.

- 61** On November 21, 2025, the Government of India notified four Labour Codes, effective immediately, subsuming the existing 29 labour laws. In accordance with Ind AS 19 – Employee Benefits, changes to employee benefit obligations arising from legislative amendments are treated as plan amendments, requiring immediate recognition of past service cost in the Statement of Profit and Loss, consistent with guidance issued by the Institute of Chartered Accountants of India. This has resulted in a net increase of ₹8.91 crore in the provision for gratuity and remeasurement of leave encashment, which has been recognised as employee benefit expense during the year. The Company is in process of salary restructuring exercise in compliance with the notified Labour Codes and continues to monitor the finalisation of Central and State Rules and any further clarifications issued by the Government in respect of the Labour Codes.

62 Other statutory information:

- i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- v) The Group does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.
- vii) The Group is not declared wilful defaulter by bank or financial institution or lender during the year.
- viii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- ix) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.



Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts are in ₹ Crore)

- 63** The Group has used as accounting software including software operated by third party for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Such audit trails are prescribed as per the statutory requirement for record retention.
- 64** Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification/presentation.

As per our report of even date attached

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Reg. No. 000560C/C400334

For **Oswal Sunil & Company**

Chartered Accountants

Firm Reg. No. 016520N

For and on behalf of the Board

Mahendra Nahata

Managing Director

DIN: 00052898

Arvind Kharabanda

Director

DIN: 00052270

J. S. P. Bansal

Partner

M. No.: 070980

Place: New Delhi

Date: April 30, 2026

Nawin K Lahoty

Partner

M. No.: 056931

Vijay Raj Jain

Chief Financial Officer

Manoj Baid

President & Company Secretary

M. No.: FCS 5834

Place: New Delhi

Date: April 30, 2026

Form AOC-1

(Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Name of the Subsidiary	(₹ in crores)												
	HTL Limited	Moneta Finance Private Limited	HFCL Advance Systems Private Limited	Polixel Security Systems Private Limited	DragonWave HFCL India Private Limited	Radeff Private Limited	HFCL Technologies Private Limited	HFCL B.V.	HFCL Inc.	HFCL Canada Inc.	*HFCL Poland Sp. Z.o.o	HFCL UK Limited	HFCL Pty Limited
The Date since when subsidiary was acquired	October 16, 2001	July 11, 2006	February 23, 2015	August 9, 2016	December 17, 2019	May 15, 2019	June 26, 2021	October 07, 2021	October 08, 2021	October 26, 2023	May 17, 2024	July 05, 2024	October 28, 2024
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	Euro @ 109.51	USD @ 95.14	CAD @ 68.64	PLN @ 25.19	GBP @ 126.10	AUD @ 65.52
Share Capital	15.00	1.02	0.10	0.18	7.00	0.01	1.00	0.00**	0.00**	0.00**	-	0.00**	0.00**
Reserves and Surplus	208.98	1.72	(0.12)	2.18	(1.41)	(2.33)	28.78	6.93	49.51	(0.06)	-	0.00	(0.09)
Total Assets	633.54	2.76	0.03	3.66	5.68	7.59	85.58	14.77	809.83	4.99	-	0.00	0.10
Total Liabilities	409.56	0.02	0.05	1.30	0.09	9.91	55.80	7.84	760.33	5.05	-	0.00	0.19
Investments	4.09	1.92	0.00	2.57	4.12	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	898.41	Nil	Nil	0.04	-	9.04	5.15	15.21	1,374.91	-	-	0.00	0.00
Profit before taxation	91.76	0.04	(0.02)	(0.52)	0.49	1.08	(6.90)	1.47	69.50	(0.12)	-	0.00	(0.04)
Provision for taxation	24.49	0.01	-	0.23	0.13	(1.04)	-	0.32	17.42	(0.02)	-	0.00	0.00
Profit after taxation	67.27	0.03	(0.02)	(0.75)	0.36	2.12	(6.90)	1.14	52.09	(0.10)	-	-	(0.04)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Extent of Shareholding %	74	100	100^	100	100	90	100	100	100	100	100*	100	100

Name of Subsidiaries which are yet to commence operations: NA

Name of Subsidiaries which have been liquidated or sold during the year: *HFCL Poland Sp. z.o.o., (formerly Blue Diwali Sp. z.o.o.) (Wholly owned subsidiary of HFCL B.V.) has been voluntarily liquidated and its name has been removed from National Court Register w.e.f. January 02, 2026.

**Due to rounding of the figures in crores, the share capital is reflected as ₹0.00, as the Company's share capital is less than ₹1 crore.

^HFCL Limited holds 90% shareholding directly and balance 10% held through Polixel Security Systems Private Limited, a wholly owned subsidiary of HFCL Limited.



Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures		Nimpaa Telecommunications Private Limited	BigCat Wireless Private Limited
1. Latest audited Balance Sheet Date		March 31, 2026	March 31, 2026
2. Date on which the Associate or Joint Venture was associated or acquired		June 14, 2021	November 12, 2021
3. Shares of Associate/Joint Ventures held by the Company on the year end			
i. No.		10,00,000	36,000
ii. Amount of Investment in Associates/Joint Venture		1.00	20.50
iii. Extend of Holding %		50.00	#47.67
4. Description of how there is significant influence		Pursuant to Section 2(6) of the Companies Act, 2013	Pursuant to Section 2(6) of the Companies Act, 2013
5. Reason why the associate/joint venture is not consolidated		NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet		2.12	13.38
7. Profit / Loss for the year			
i. Considered in Consolidation		(0.32)	0.68
ii. Not Considered in Consolidation		-	-

#BigCat Wireless Pvt Ltd. (Jointly Controlled Entity with 50% voting right w.e.f. 12th November 2021)

- Names of associates or joint ventures which are yet to commence operations: NA
- Names of associates or joint ventures which have been liquidated or sold during the year: NA

For and on behalf of the Board

Mahendra Nahata

Managing Director

DIN: 00052898

Arvind Kharabanda

Director

DIN: 00052270

Vijay Raj Jain

Chief Financial Officer

Manoj Baid

President & Company Secretary

M.No: FCS 5834

Place: New Delhi

Date: April 30, 2026

HFCL LIMITED

Registered Office: Plot No. 38, Institutional Area, Sector -32, Gurugram-122 001, Haryana
Tel: + 91-124-4310000; Fax: + 91-124-4310050; Website: www.hfcl.com; E-mail: secretarial@hfcl.com
(Corporate Identity Number: L64200HR1987PLC148689)

AGM NOTICE

(Pursuant to Section 101 of the Companies Act, 2013)

NOTICE is hereby given that the **39th (Thirty-Ninth) Annual General Meeting ("AGM")** of the members of **HFCL Limited** will be held on **Tuesday, the 29th day of September, 2026 at 11:00 A.M. (IST)** through Video Conferencing/ Other Audio Visual Means ("**VC**" / "**OAVM**") to transact the following businesses:

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2026, along with the reports of the Board of Directors and the Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2026, along with the reports of the Board of Directors and the Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted."

2. Adoption of Consolidated Financial Statements

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2026 and the report of the Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2026, along with the report of the Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted."

3. Declaration of Dividend

To declare a dividend of ₹0.20 (Twenty Paise only) i.e., @20%, per fully paid-up equity share of face value of ₹1/- (Rupee One only), for the financial year ended March 31, 2026 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a Dividend of ₹0.20 (Twenty Paise only) i.e., @ 20%, per fully paid-up equity share of face

value of ₹1/- (Rupee One only) of the Company, be and is hereby declared for the financial year ended March 31, 2026 and the same be paid as recommended by the Board of Directors of the Company, out of the distributable profits of the Company for the financial year ended March 31, 2026."

4. Appointment of director in place of the retiring director

To appoint a director in place of Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), aged 79 years who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 152(6) of the Companies Act, 2013 and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Arvind Kharabanda (DIN: 00052270), aged 79 years, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director (Non-Executive), liable to retire by rotation, of the Company."

SPECIAL BUSINESS:

5. Approval for material modifications in material related party transactions with HTL Limited, a material subsidiary of the company for FY26-27

To approve the material modifications in material related party transactions with HTL Limited, a material subsidiary of the Company and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23(4), 2(1)(zc) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), the applicable provisions of the Companies Act, 2013 ("**Act**") read with the rules made thereunder, and all other applicable laws, statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendment(s) or



re-enactment(s) thereof for the time being in force), the Memorandum and Articles of Association of the Company, the Company's Policy on Related Party Transaction(s), and pursuant to the approval/recommendation of the Audit Committee and the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof duly constituted or to be constituted to exercise its powers, including the powers conferred by this Resolution), and subject to such statutory, regulatory and other approvals, permissions, consents and sanctions as may be necessary, the consent of the Members of the Company be and is hereby accorded for material modification of the existing approval accorded by the Members at the 37th Annual General Meeting of the Company held on September 30, 2024, for related party transaction(s) with HTL Limited, a material unlisted subsidiary of the Company ("**Subsidiary**") and a related party within the meaning of Regulation 2(1)(zb) of the SEBI Listing Regulations, by revising the aggregate value of the approved related party transaction(s), contract(s), arrangement(s) and/or agreement(s) (whether by way of an individual transaction or transactions taken together, or a series of transactions or otherwise) to an amount not exceeding ₹4600 crore during the financial year 2026-27, on the material terms and conditions set out in the Explanatory Statement annexed to this Notice and on such other terms and conditions as may be approved by the Board and/or the Audit Committee of the Company, provided that all such transaction(s), contract(s), arrangement(s) and/or agreement(s) shall continue to be undertaken on an arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and to take all such steps as may be required in this connection including finalising and executing necessary contract(s), arrangement(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company, to delegate all or any of its powers conferred under this resolution to any Director or Key Managerial Personnel or any officer/ executive of the Company and to resolve all such issues, questions, difficulties or doubts whatsoever that may arise in this regard and all action(s) taken by the Company in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

6. Approval for material related party transactions with HTL Limited, a material subsidiary of the Company for FY27-28

To approve the material related party transactions with HTL Limited, a material subsidiary of the Company and

in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23(4), 2(1)(zc) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), the applicable provisions of the Companies Act, 2013 ("**Act**") read with the rules made thereunder, and all other applicable laws, statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the Memorandum and Articles of Association of the Company, the Company's Policy on Related Party Transaction(s), and pursuant to the approval/recommendation of the Audit Committee and the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof duly constituted or to be constituted to exercise its powers, including the powers conferred by this Resolution), and subject to such statutory, regulatory and other approvals, permissions, consents and sanctions as may be necessary, the consent of the Members of the Company be and is hereby accorded to the Board to enter into and/or continue to enter into related party transaction(s), contract(s), arrangement(s) and/or agreement(s) (whether by way of an individual transaction or transactions taken together, or a series of transactions or otherwise) with HTL Limited, a material unlisted subsidiary of the Company ("**Subsidiary**") and a related party within the meaning of Regulation 2(1)(zb) of the SEBI Listing Regulations, for an aggregate value not exceeding ₹5900 crore during the financial year 2027-28, on the material terms and conditions set out in the Explanatory Statement annexed to this Notice and on such other terms and conditions as may be approved by the Board and/or the Audit Committee of the Company, provided that all such transaction(s), contract(s), arrangement(s) and/or agreement(s) shall be undertaken on an arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and to take all such steps as may be required in this connection including finalising and executing necessary contract(s), arrangement(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company, to delegate all or any of its powers conferred under this resolution to any Director or Key Managerial Personnel or any officer/ executive of the Company and to resolve all such issues, questions, difficulties or doubts whatsoever that may arise in this regard and all action(s)

taken by the Company in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

7. Approval for material related party transactions between HTL Limited, a material subsidiary of the company and HFCL Inc., a material wholly-owned subsidiary of the Company for FY26-27

To approve the material related party transactions, between HTL Limited, a material subsidiary of the Company and HFCL Inc., a material wholly-owned subsidiary of the Company and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23(4), 2(1)(zc) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), the applicable provisions of the Companies Act, 2013 ("**Act**") read with the rules made thereunder, and all other applicable laws, statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the Memorandum and Articles of Association of the Company, the Company's Policy on Related Party Transaction(s), and pursuant to the approval/recommendation of the Audit Committee and the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof duly constituted or to be constituted to exercise its powers, including the powers conferred by this Resolution), and subject to such statutory, regulatory and other approvals, permissions, consents and sanctions as may be necessary, the consent of the

Members of the Company be and is hereby accorded to enter into and/or continue to enter into related party transaction(s), contract(s), arrangement(s) and/or agreement(s) (whether by way of an individual transaction or transactions taken together, or a series of transactions or otherwise) between HTL Limited, a material unlisted subsidiary of the Company and HFCL Inc., a material wholly-owned foreign subsidiary of the Company, both being related parties within the meaning of Regulation 2(1)(zb) of the SEBI Listing Regulations, for an aggregate value not exceeding ₹900 crore during the financial year 2026-27, on the material terms and conditions set out in the Explanatory Statement annexed to this Notice and on such other terms and conditions as may be approved by the Board and/or the Audit Committee of the Company, provided that all such transaction(s), contract(s), arrangement(s) and/or agreement(s) shall be undertaken on an arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and to take all such steps as may be required in this connection including finalising and executing necessary contract(s), arrangement(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company, to delegate all or any of its powers conferred under this resolution to any Director or Key Managerial Personnel or any officer/ executive of the Company and to resolve all such issues, questions, difficulties or doubts whatsoever that may arise in this regard and all action(s) taken by the Company in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

Registered Office:

Plot No. 38, Institutional Area
Sector -32, Gurugram-122 001
Haryana

Place: New Delhi

Date: September 02, 2026

By **Order of the Board**

(Manoj Baid)

President & Company Secretary

Membership No: FCS 5834



NOTES:

1. In compliance with the Ministry of Corporate Affairs ("MCA") Circulars Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023, 09/2024 dated September 19, 2024 and 03/2025 dated September 22, 2025 ("MCA Circulars"), read with applicable circulars issued by the Securities and Exchange Board of India ("SEBI"), (hereinafter collectively referred to as "the Circulars") permitted the companies to conduct the AGM through Video Conferencing/ Other Audio Visual Means ("VC/OAVM"), without the physical presence of members at a common venue. Accordingly, in compliance with the Circulars, the Companies Act, 2013 (the "Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), **the 39th AGM of the Company is being held through VC/OAVM on Tuesday, September 29, 2026 at 11:00 A.M. (IST).**

The deemed venue for the AGM will be the registered office of the Company.

2. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.
3. As per the provisions of Clause 3.A.II of the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA, the matter of Special Business as appearing at Item No. 5 to 7 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forms part of this Notice.
4. The relative Statement pursuant to Section 102 of the Act in respect of the business under Item No. 5 to 7 set out above and the relevant details of the Director seeking re-appointment at this AGM in respect of business under Item No. 4 as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("Secretarial Standard-2") are annexed hereto.
5. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO**

ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND SEBI CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.

6. Institutional Investors, who are members of the Company, are encouraged to attend and vote at the 39th AGM through VC/OAVM facility. Corporate members intending to appoint their authorised representatives pursuant to Section 113 of the Act, to attend the AGM through VC/OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution or the authorisation letter to the Scrutinizer by e-mail at scrutinizer@hfcl.com with a copy marked to evoting@nsdl.com and the Company at secretarial@hfcl.com.
7. Only registered members of the Company may attend and vote at the AGM through VC/OAVM facility. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Members can join the AGM in the VC/OAVM mode at least 15 minutes before and till 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination Remuneration and Compensation Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. **ELECTRONIC DISPATCH OF NOTICE AND ANNUAL REPORT:** In line with the Circulars, the Notice of the 39th AGM along with the Annual Report for financial year 2025-26 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. The Notice of 39th AGM and Annual Report for financial year 2025-26 are available on the Company's website viz. www.hfcl.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e., the BSE Limited and the National Stock

Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively.

The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.

Additionally, in accordance with Regulation 36(1)(b) of the SEBI Listing Regulations, the Company is also sending letters to members whose e-mail address is not registered with Company/ Depositories providing the exact web-link and QR code of Company's website from where the Annual Report for financial year 2025-26 can be accessed.

10. Electronic copies of all the documents referred to in the accompanying Notice of the AGM and the Statement shall be made available for inspection. During the 39th AGM, members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act; the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act; the certificate from the Secretarial Auditor of the Company stating that the Company has implemented the "Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan-2017" ("**HFCL Plan-2017**") in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the special resolution passed by the members of the Company approving HFCL Plan 2017 in their 30th AGM held on September 25, 2017. Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at secretarial@hfcl.com.
11. **SCRUTINIZER FOR E-VOTING:** Mr. Baldev Singh Kashtwal, Company Secretary in whole-time-practice having Membership No. FCS 3616 and C.P. No. 3169 has been appointed as the Scrutinizer to scrutinise the e-Voting process in a fair and transparent manner.
12. **RECORD DATE:** The Record Date fixed for determining entitlement of Members to final dividend for the financial year ended March 31, 2026, if approved at the AGM, is **Tuesday, September 22, 2026**.
13. **CUT-OFF DATE:** The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the Cut-off Date on **Tuesday, September 22, 2026**. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the Cut-off Date i.e. **Tuesday, September 22, 2026**, may obtain the login ID and password by sending a request at evoting@nsdl.com or the Company at: secretarial@hfcl.com and/or RTA at admin@mcsregistrars.com.
14. Members desiring any information with regard to Annual Accounts/Annual Report are requested to submit

their queries addressed to the Company Secretary at secretarial@hfcl.com at least 10 (ten) days in advance of the Meeting so that the information called for can be made available to the concerned shareholder(s).

15. **Nomination:** As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent ("**RTA**") in case the shares are held by them in physical form, quoting their folio number.
16. Members who are holding shares in physical form in identical names in more than one folio are requested to write to RTA enclosing their share certificates to consolidate their holding into one folio.
17. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
18. Non-Resident Indian members are requested to inform the Company's RTA immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code number, if not furnished earlier.
19. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details/NECS/ mandates, nominations, power of attorney, change of address/name, Permanent Account Number ("**PAN**") details, etc. to their Depository Participant, only and not to the Company/the Company's RTA. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its RTA to provide efficient and better service to the members.

In case of members holding shares in physical form, such information is required to be provided to the Company's RTA in physical mode, or in electronic mode at admin@mcsregistrars.com.
20. **SEBI HAS MANDATED SUBMISSION OF PAN BY EVERY PARTICIPANT IN THE SECURITIES MARKET. MEMBERS HOLDING SHARES IN ELECTRONIC FORM ARE, THEREFORE, REQUESTED TO SUBMIT THEIR PAN DETAILS TO THEIR DEPOSITORY PARTICIPANTS.**



MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO SUBMIT THEIR PAN DETAILS TO THE COMPANY'S RTA.

21. **TRANSFER OF SHARES PERMITTED IN DEMAT FORM ONLY:** As per Regulation 40 of the SEBI Listing Regulations, as amended, transfer of securities would be carried out in dematerialised form only with effect from April 01, 2019, except in case of transmission and other permissible services requests. Request for transmission of shares and other permissible service requests pursuant to SEBI Master Circular dated February 06, 2026 will continue to be accepted.

Further, SEBI, vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 2, 2025, had provided a special window from July 7, 2025 to January 6, 2026 for re-lodgement of transfer deeds that were lodged prior to April 1, 2019 and were rejected/returned/not attended to due to deficiencies in documents, process or otherwise. During the said period, securities re-lodged for transfer were to be processed and issued only in dematerialised form, subject to compliance with the prescribed procedures.

In order to further facilitate the investors to get rightful access to their securities, SEBI, now vide its Circular No. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026, has extended this special window for a further period of one year, from February 05, 2026 to February 04, 2027. This special window is intended to facilitate the transfer of physical shares, which were sold/purchased prior to 1st April 2019, including such transfer requests which were submitted earlier and were rejected or returned or not attended to due to deficiency in the documents/ process/or otherwise, in order to facilitate ease of investing for investors and to secure the rights of investors in the securities which were purchased by them.

In view of the same and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings into dematerialised form. Members can contact the Company's RTA for assistance in this regard. Members may please note that SEBI vide its Master Circular dated February 06, 2026 has mandated the listed companies to issue securities in dematerialised form only while processing service requests, viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. With effect from April 2, 2026, SEBI has dispensed with the requirement of issuance of a Letter of Confirmation ("**LOC**") by

the Company/RTA while processing service request. Accordingly, securities will be credited directly to the shareholder's demat account upon submission of valid demat account details along with the latest Client Master List (not older than 2 months) and Demat Request Form for NSDL/ Demat Request form for CDSL both attested by depository participant, besides mandatory documents for the subject service requests subject to folio being KYC Compliant. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4. The said form can be downloaded from the Company's website under Investor relation at www.hfcl.com. It may be noted that any service request can be processed only after the folio is KYC Compliant.

22. SEBI has established a common Online Dispute Resolution Portal ("**ODR Portal**") for resolution of disputes arising in the Indian securities market. Accordingly, investors may initiate dispute resolution through the ODR Portal after first exhausting the available grievance redressal mechanisms with the Company/RTA and through the SEBI Complaints Redress System ("**SCORES**"). The ODR Portal can be accessed at <https://smartodr.in/login>.
23. To support the '**Green Initiative**', members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company's RTA in case the shares are held by them in physical form. All such members are requested to kindly get their e-mail addresses updated immediately which will not only save your Company's money incurred on the postage but also contribute a lot to save the environment of this Planet.
24. The Company has made arrangement with the RTA/ NSDL/CDSL for registration of e-mail addresses in terms of the MCA Circulars for members who wish to receive the Annual Report along with the AGM Notice electronically and to cast the vote electronically.
- Eligible members whose e-mail addresses are not registered with the Company/ DPs are required to provide the same to RTA, pursuant to which, any member may receive on the e-mail address provided by the member, the Notice of this AGM along with the Annual Report 2025-26 and the procedure for remote e-Voting along with the login ID and password for remote e-Voting.
25. Members may note that the Board, at its meeting held on April 30, 2026, has recommended a final dividend of ₹0.20 (Twenty Paise only) per fully paid-up equity share. The record date for the purpose of payment of final dividend for FY26 is **Tuesday, September 22, 2026**. The aforesaid dividend, once approved by the members in this AGM, will be paid within 30 days from the date of AGM.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details.

Further, SEBI has mandated that the security holders holding shares in physical form but have not updated their PAN or Contact Details or Mobile Number or Bank Account Details or Specimen Signature, then the dividend amount shall be paid only through electronic mode to such security-holders with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

In order to receive dividend/s in a timely manner, Members are requested to register/update their complete bank details:

- (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
- (b) with RTA if shares are held in physical mode, by submitting duly filled in Form ISR-1 along with the
 - (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf.

Further, please refer to our e-mail communication dated July 16, 2026 to the shareholders in respect of Deduction

of Tax at Source on Dividend under relevant provisions of the Income-Tax Act, 2025. Please provide necessary documents/information for claiming exemption from TDS on Dividend to be paid for the FY26 immediately.

UNCLAIMED DIVIDEND/IEPF: Members are requested to note that, dividends, if not encashed for a consecutive period of 7 (Seven) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their dividends from the Company, within the stipulated timeline.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended, the Company has uploaded the details of unpaid and unclaimed dividend amounts, pertaining to FY19, FY21, FY22, FY23 and FY24 lying with the Company, on the website of the Company at <https://www.hfcl.com> and also on the website of the MCA at <http://www.iepf.gov.in>. Further, the Company has also uploaded the details of unpaid and unclaimed dividend amounts, pertaining to FY25 on the website of the Company at <https://www.hfcl.com>.

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

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	(Amount in ₹) (Unpaid as on March 31, 2026)
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,16,111.50
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,29,437.71
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	26,17,772.18
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,42,430.04
2023-24	0.20	September 30, 2024	November 05, 2031	December 05, 2031	13,83,107.11
2024-25	0.10	September 15, 2025	October 21, 2032	November 20, 2032	7,86,952.04

During the year under review, the Company transferred unpaid/unclaimed dividend amounting to ₹10.26 lakh to IEPF. Further, 29,39,459 equity shares of ₹1/- each were transferred to the demat account of the IEPF Authority in accordance with the applicable provisions of the Act and the rules made thereunder.

As per the provisions of Section 125 of the Act and the IEPF Rules, members whose unclaimed dividend and equity shares have been transferred to IEPF, may claim the refund by making an application to the IEPF Authority in web form IEPF-5 available on www.mca.gov.in.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-Voting period begins on **Saturday, September 26, 2026 at 09:00 A.M. and ends on Monday, September 28, 2026 at 05:00 P.M.** The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e., **Tuesday, September 22, 2026** may cast their vote, electronically.



The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the Cut- off Date, being **Tuesday, September 22, 2026**. The person who is not a member/beneficial owner as on the Cut- off Date should treat this Notice for information purpose only.

Members are requested to carefully read the below instructions in connection with remote e-Voting and procedure for joining the AGM.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned hereafter:

Step 1: Access to NSDL e-Voting system:

(A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of Section VI-C of SEBI Master circular dated January 30, 2026 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of share holders	Login Method
Individual Share- holders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting.

Type of share holders	Login Method
	5. Shareholders/Members can also download NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on    
Individual Share- holders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Share- holders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.



Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022 – 4886 7000.
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at: helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09 911.

(B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “**Login**” which is available under ‘**Shareholder/Member**’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘**initial password**’ which was communicated to you. Once you retrieve your ‘**initial password**’, you need to enter the ‘**initial password**’ and the system will force you to change your password.
- (c) How to retrieve your ‘initial password’?

- (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment

i.e. a pdf file. Open the pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- (ii) If your email ID is not registered: Please follow steps mentioned below in process for those **shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- (a) Click on “**Forgot User Details/ Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- (b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to **"Terms and Conditions"** by selecting on the check box.
 8. Now, you will have to click on **"Login"** button.
 9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system: How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote,

to the Scrutinizer by e-mail to scrutinizer@hfcl.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/ Password?"** or **"Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 – 4886 7000 or send a request to **Ms. Pallavi Mhatre**, Assistant Vice President, NSDL at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to secretarial@hfcl.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to secretarial@hfcl.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of Section VI-C of SEBI Master circular dated January 30, 2026 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat accounts to access e-Voting facility.



THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through **VC/OAVM** through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “**VC/OAVM link**” placed under “**Join General meeting**” menu against company name. You are requested to click on **VC/OAVM** link placed under Join General Meeting menu. The link for **VC/OAVM** will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from mobile devices or tablets or through laptop connecting via Mobile Hotspot may experience audio/video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at secretarial@hfcl.com. The same will be replied by the Company suitably.

SPEAKER REGISTRATION BEFORE AGM:

Members of the Company, holding shares as on the cut-off date i.e. **Tuesday, September 22, 2026** and who would like to speak or express their views during the AGM, may register themselves as speakers by sending their request in advance from **Thursday, September 24, 2026 (09:00 A.M. IST) up to Friday, September 25, 2026 (05:00 P.M. IST)** mentioning their name, demat account number/ folio number, e-mail ID, mobile number at secretarial@hfcl.com. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time for the AGM. Only Registered Speakers will be allowed to speak during the meeting.

SUBMISSION OF QUESTIONS/QUERIES PRIOR TO AGM:

For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company at secretarial@hfcl.com, during **Thursday, September 24, 2026 (09:00 A.M. IST) up to Friday, September 25, 2026 (05:00 P.M. IST)** mentioning their name, demat account no./folio number, email ID, mobile number etc. The Company will endeavour to address, at the AGM, the queries received till aforesaid dates from those Members who have sent queries from their registered email IDs. Please note that Members' questions will be answered only if they continue to hold shares as on the Cut-off Date. Such questions by the Members will be taken up during the meeting or replied within 7 days from AGM date by the Company suitably, if necessary.

Members who will participate in the AGM through **VC/ OAVM** can also pose question/feedback through question box option. Such questions by the Members will be taken up during the AGM or replied within 7 days from AGM date by the Company suitably, if necessary.

DECLARATION OF RESULTS ON THE RESOLUTIONS:

1. The Scrutinizer shall, immediately after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), within 2 (two) working days from the conclusion of the AGM, submit a Consolidated Scrutinizer's Report of the total votes cast in favour and against the resolution(s) and whether the resolution(s) has/ have been carried or not, to the Chairperson or a person authorised by him in writing.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.hfcl.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared. The Company shall simultaneously forward the results to the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed.
3. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e., **September 29, 2026**.

DETAILS OF DIRECTOR PROPOSED TO BE RE-APPOINTED, PURSUANT TO REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND THE SECRETARIAL STANDARD 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

Name of the Director	Mr. Arvind Kharabanda
DIN	00052270
Date of Birth (Age in years)	March 9, 1947 (79 years)
Date of first-appointment	October 31, 2004
Experience/ Expertise in Specific Functional Areas/ Brief Resume	Mr. Arvind Kharabanda has got over 48 years experience in managerial positions, projects implementation and finance. Mr. Kharabanda is a member of the Institute of Chartered Accountants of India. He carries with him vast experience in industries as varied as telecommunications, broadcastings, IT, electronics, consumer durables and white goods. Mr. Arvind Kharabanda has expertise in the field of management discipline such as marketing, manufacturing, project appraisal, finance and corporate strategy and planning.
Qualification(s)	Chartered Accountant (CA)
Directorship in other companies including listed companies	1. HFCL Technologies Private Limited 2. Indiasign Private Limited 3. My Box Technologies Private Limited 4. HFCL Advance Systems Private Limited 5. Rajasthan Antibiotics Limited 6. DragonWave HFCL India Private Limited
Listed entities from which the person has resigned in the past three years	NIL
Chairmanship/ Membership of Committees of other boards	Rajasthan Antibiotics Limited: Audit Committee-Member Remuneration Committee – Member
Shareholding in the Company, including shareholders as a beneficial owner	NIL
Relationship with other Directors and KMPs of the Company	Not Applicable
No. of Board Meetings held/ Attended	7/7
Details of Remuneration sought to be paid	Except, sitting fee for attending the Board and/or committee meetings, no other remuneration is payable.
Last Remuneration drawn (per annum)	₹29,25,000/- (Rupees Twenty Nine Lakh and Twenty Five Thousand only). (Sitting fee for attending Board/committee meetings from April 01, 2025 till March 31, 2026)
Disclosure of relationships between directors inter-se	Nil
Terms and conditions of re-appointment and Remuneration	As mentioned in the Resolution and Statement. Shareholders may also refer Remuneration Policy which is available on the website of the Company i.e. www.hfcl.com .



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("ACT")

The following Statement given hereunder sets out all material facts relating to the Special Businesses mentioned at Item No. 5 to 7 in the accompanying Notice.

As an additional information, the Statement also contains material facts pertaining to Ordinary Business mentioned at Item No. 4 of the said Notice.

ITEM NO. 4

Mr. Arvind Kharabanda (DIN: 00052270) was last re-appointed as a Director (Non-Executive) liable to retire by rotation, by way of a special resolution, by the shareholders in the 37th Annual General Meeting ("**AGM**") of the Company held on September 30, 2024.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ("**Act**"), he retires by rotation at this AGM and being eligible, has offered himself for re-appointment.

In terms of Section 152 of the Act, the re-appointment of a rotational director at the annual general meeting is an ordinary business and ordinary resolution is required to be passed.

However, Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") provides that no listed company shall appoint or continue the directorship of any person as non-executive director who has attained the age of 75 (Seventy Five) years, unless a special resolution is passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the Notice for such appointment.

Accordingly, the re-appointment of Mr. Arvind Kharabanda, aged 79 years, is recommended at this 39th AGM by way of a Special Resolution in compliance of the SEBI Listing Regulations.

Mr. Arvind Kharabanda has got over 48 years' experience in managerial positions, projects implementation and finance.

Mr. Arvind Kharabanda, doesn't hold any equity shares in the Company.

A brief profile of Mr. Arvind Kharabanda, to be re-appointed as a Non-Executive Director is given under the heading "*Details of Director proposed to be re-appointed, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard-2 ("SS-2") on General Meetings issued by the Institute of Company Secretaries of India*".

The Board is of the view that continued association of Mr. Arvind Kharabanda would be immensely beneficial to the Company and it is desirable to avail his services as a Non-executive Director of the Company.

In view of above, the Board of Directors, in its meeting held on April 30, 2026, has approved the re-appointment of

Mr. Arvind Kharabanda, as a Director (Non-Executive), liable to retire by rotation and recommends the same for the approval of the shareholders of the Company by way of a special resolution.

Mr. Arvind Kharabanda is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment and remuneration payable as a Non-Executive Director. The relatives of Mr. Arvind Kharabanda may be deemed to be interested in the aforesaid resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the special resolution set forth in Item No. 4 of the Notice for the approval of members.

ITEM NO. 5 & 6

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), prior approval of the Members of the Company by way of an Ordinary Resolution is required for all material related party transactions and subsequent material modifications thereto. A related party transaction is considered material if the transaction(s), to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity, where the consolidated annual turnover of the listed entity does not exceed ₹20,000 crore. Accordingly, based on the Financial Statements of the Company for the financial year ended March 31, 2026, the materiality threshold for related party transactions of the Company is ₹494.92 crore. Accordingly, any related party transaction(s) involving an amount exceeding the aforesaid threshold during a financial year, whether entered into by the Company or any of its subsidiaries, requires prior approval of the Members of the Company.

Further, the Securities and Exchange Board of India ("**SEBI**"), vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated June 26, 2025, has mandated listed entities to comply with the Industry Standards on "**Minimum Information to be provided to the Audit Committee and Members for approval of Related Party Transactions**" ("**RPT Industry Standards**"). Accordingly, the disclosures forming part of this Explanatory Statement have been prepared in accordance with the requirements of the SEBI Listing Regulations and the RPT Industry Standards.

The Company is, *inter alia*, engaged in the business of manufacturing of a wide range of optical fiber cables ("**OFC**"), optical fiber, telecom and networking products, defence equipment and providing end-to-end next generation networking solutions to telecom operators, defence organisations, government bodies, and enterprise customers.

The Company holds 74% of the paid-up share capital of HTL Limited (HTL), a material subsidiary, while the remaining 26% is owned by the Government of India. HTL is engaged in the manufacturing of Optical Fiber Cables and connectivity solutions. HTL also manufactures key raw material for OFC such as Aramid Rods, Fiber Reinforced Plastic Rods and Impregnated Glass Fiber Reinforcement and also manufactures Wire Harnesses for Aerospace & Defence and Automotive & Industrial sectors.

Given the complementary nature of the businesses and manufacturing capabilities of the Company and HTL, the Company and HTL transact with each other in the ordinary course of business and on arm's length basis to optimise capacity utilisation, ensure timely execution of customer orders and enhance supply chain efficiency. Depending upon manufacturing capabilities, capacity availability, product requirements and delivery timelines, orders received by either entity for the various products being manufactured by one, may be executed by the other. Further, the Company may supply raw materials, including Optical Fiber for manufacture of OFC, and OFC for connectivity solutions to HTL and may procure certain raw materials, including Aramid Rods, Fiber Reinforced Plastic Rods and Impregnated Glass Fiber Reinforcement, from HTL.

The volume of such transactions is expected to increase in line with the growing demand for optical fiber and optical fiber cables, driven by investments in hyperscale data centres, AI and cloud infrastructure, 5G and broadband connectivity, BharatNet and other telecom infrastructure projects. Accordingly, the transactions between the Company and HTL are continuous and recurring in nature and are necessary for efficient business operations, optimisation of resources, continuity of supplies and timely execution of projects.

The Company's business has witnessed significant growth during the year, with consolidated sales increasing by 21.77%, from ₹4,064.52 crore in FY25 to ₹4,949.27 crore in FY26. The growth momentum continued in the current financial year, with consolidated sales for Q1 FY27 increasing by 119.85%, from ₹871.02 crore in Q1 FY26 to ₹1,914.98 crore in Q1 FY27. Further, the Company's order book stood at ₹26,665 crore as on June 30, 2026, including an Optical Fiber Cable and connectivity solutions order book of ₹16,235 crore, of which ₹13,777 crore pertains to export orders.

In the ordinary course of business, the Company has entered into and/or may continue to enter into various transaction(s), contract(s), arrangement(s) and/or agreement(s) with HTL, including, but not limited to, purchase and sale of goods, raw materials and finished products, availing and rendering of services, such as consultancy, advisory, engineering, project management, turnkey, infrastructure, installation, commissioning, testing, repair, maintenance, logistics, warehousing, job work, manpower support and other operational and business support services, including taking on lease/licence movable and immovable properties, including plant, machinery and equipment, and any other

similar business transactions; subscription to securities, grant of and receipt of inter-corporate deposits ("ICDs"), business advances, payment/receipt of interest thereon and such other transactions as may be necessary for carrying on the business operations of the Company and HTL. All such transactions shall be undertaken on an arm's length basis and in the ordinary course of business, supported by appropriate benchmarking and internal controls.

Further, HTL may, from time to time, avail various fund-based and non-fund-based credit facilities from banks and financial institutions for meeting its working capital requirements, capital expenditure and business expansion plans. Such lenders generally require the Company, being the holding company of HTL, to provide corporate guarantees, security and/or other credit support as a condition precedent for sanctioning or continuing such facilities. Accordingly, the Company may be required to provide such corporate guarantees, security and/or other forms of credit enhancement in favour of the lenders of HTL, in one or more tranches, as may be required from time to time.

The Members of the Company, at the 37th Annual General Meeting held on September 30, 2024, approved material related party transactions between the Company and HTL Limited aggregating up to ₹2,754.50 crore for each of the financial years 2025-26 and 2026-27.

Subsequent to the aforesaid approval, the scale of operations of the Company and HTL has increased significantly on account of higher order inflows, expansion of business operations, enhanced manufacturing activities, increased project execution requirements, treasury requirements and other business exigencies. Consequently, the estimated aggregate value of the transactions with HTL during the financial year 2026-27 is expected to exceed the monetary limit earlier approved by the Members.

Accordingly, the approval of the Members is being sought under Item No. 5 of this Notice for material modification of the existing approval granted by the Members for the related party transactions with HTL during FY 2026-27, by enhancing the aggregate monetary limit from ₹2,754.50 crore to ₹4,600 crore.

The aggregate value of the related party transactions undertaken with HTL from April 1, 2026 up to the date of this Notice is within the monetary limits approved by the Members at the 37th Annual General Meeting. Further, it is expected that the aggregate value of such transactions shall continue to remain within the existing approved limits until the date on which the proposed material modification is approved by the Members.

Further, considering the projected business requirements, anticipated growth in operations and the recurring nature of transactions with HTL, the Company is also seeking a fresh approval of the Members for entering into material related party transactions with HTL for the financial year 2027-28 up to the proposed aggregate monetary limit of ₹5,900 crore, as



set out in Item No. 6 of this Notice, so as to ensure seamless business operations and avoid any disruption in the execution of ongoing and future business activities.

Considering the nature of the business of the Company and HTL and the commercial necessity of the aforesaid recurring transactions, the proposed related party transactions are in the ordinary course of business, are at arm's length, are in the best interest of the Company and are necessary for efficient conduct of the Company's business operations.

The Company has a robust governance framework for review, approval and monitoring of related party transactions and has adopted a Policy on Related Party Transactions in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The proposed related party transactions have been reviewed by the management and placed before the Audit Committee for its evaluation. The Independent Directors, being the members of Audit Committee at its meeting held on September 02, 2026 after evaluating the nature, rationale, terms, pricing methodology and overall commercial benefits of the proposed transactions, has approved and recommended the same to the Board of Directors. The Board, at its meeting held on September 02, 2026, has approved the proposals and recommended the same for approval of the Members.

Further, in accordance with the requirements of the RPT Industry Standards, the Audit Committee has reviewed the certificate jointly provided by the Managing Director and the Chief Financial Officer of the Company in respect of the proposed related party transactions. The Audit Committee has taken note of and relied upon the said certificate while recommending the proposed material modification of the existing related party transaction approval for the financial year 2026-27 and the fresh approval for the financial year 2027-28.

The Audit Committee and the Board, while granting their approval and recommendation, respectively, have, *inter alia*, satisfied themselves that the proposed related party transactions are in the ordinary course of business, are on an arm's length basis, are in the best interests of the Company and its shareholders and are in compliance with the applicable provisions of the Act and the SEBI Listing Regulations.

The details of transactions as required under Regulation 23(4) of the SEBI Listing Regulations read with Section III-B of the SEBI Master Circular bearing reference no. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 ("**SEBI Master Circular**") along with details as required under the RPT Industry Standards are set forth below:

A(1) – Basic Details of the Related Party

S. No.	Particulars of the information	Information provided by the management
1.	Name of the related party	HTL Limited (" HTL ")
2.	Country of incorporation of the related party	India
3.	Nature of business of the related party	Manufacturing of Optical Fiber Cables (OFC), Connectivity Solutions, Wire Harnesses, FRP, ARP, IGFR etc.

A(2) - Relationship and ownership of the related party

S. No.	Particulars of the information	Information provided by the management
1.	Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:	HTL is a subsidiary of the Company.
	Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	HFCL Limited (" Company "/" HFCL ") holds 74% share capital in HTL and the balance 26% shareholding is held by the Government of India.
	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary).	Not Applicable
	Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).	Nil

A(3) - Details of previous transactions with the related party

S. No.	Particulars of the information	Information provided by the management		
1.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year and first quarter of current financial year.	(₹ in crore)		
		S. No.	Nature of Transactions	FY25-26
				April 01 2026 to June 30, 2026
		1.	Sale of Goods	197.37
		2.	Purchase of Goods	415.93
		3.	Availing/Rendering of Services	3.89
		4.	Corporate Guarantee	571.02*
		5.	Interest on Inter-Corporate Deposits	2.45
		Total	1190.66	1064.70
		* As on March 31, 2026, outstanding corporate guarantee given to HTL Limited was ₹571.02 crore.		
		** As on June 30, 2026, outstanding corporate guarantee given to HTL Limited was ₹551.02 crore.		
2.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the current financial year up to the quarter immediately preceding the quarter in which the approval is sought.	Same as A(3)(1) above.		
3.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.	No		

A(4) - Amount of the proposed transactions

S. No.	Particulars of the information	Information provided by the management
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee/ shareholders.	₹4600 crore For FY26-27 ₹5900 crore For FY27-28 The break-up of the aforesaid amount is provided under Point A(5)(1) below.
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year is material RPT?	Yes
3.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	92.94% for FY26-27 119.21% for FY27-28
4.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction).	Not Applicable



S. No.	Particulars of the information	Information provided by the management			
5.	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding financial year, if available.	512.02% for FY26-27 656.72% for FY27-28			
6.	Financial performance of the related party for the immediately preceding two financial years and first quarter of current financial year:	(₹ in crore)			
		Particulars	FY24-25	FY25-26	April 01 2026 to June 30, 2026
		Turnover	574.60	898.41	542.81
		Profit After Tax	(15.12)	67.27	66.43
		Net Worth	156.83	223.98	290.59

A(5) - Basic details of the proposed transaction

S. No.	Particulars of the information	Information provided by the management		
1.	Specific type of the proposed transaction	(₹ in crore)		
		Particulars	FY26-27	FY27-28
		Purchase of Goods or any other similar business transaction	2280	3200
		Sale of Goods or any other similar business transaction	1150	1500
		Availing of Services such as consultancy, advisory, engineering, project management, turnkey, infrastructure, installation, commissioning, testing, repair, maintenance, logistics, warehousing, job work, manpower support and other operational and business support services, including taking on lease/licence movable and immovable properties, including plant, machinery and equipment, and any other similar business transactions	5	20
		Rendering of Services such as consultancy, advisory, engineering, project management, turnkey, infrastructure, installation, commissioning, testing, repair, maintenance, logistics, warehousing, job work, manpower support and other operational and business support services, including leasing/licensing movable and immovable properties, including plant, machinery and equipment, and any other similar business transactions	100	170
		Investment in Securities and Debt Instruments	30	-
		Corporate Guarantee	1000	1000
		Inter-corporate Deposit	30	-
		Interest on Inter-corporate Deposits/ Business Advances	5	10
		Total	4600	5900

S. No.	Particulars of the information	Information provided by the management
2.	Details of each type of the proposed transaction	• Purchase/Sale of optical fiber, optical fiber cables (OFC), connectivity solutions, telecom and networking equipment, raw materials, components, consumables, semi-finished and finished goods, spare parts and other products/materials required in the ordinary course of business, including any other similar business transactions. • Availing/rendering of consultancy, advisory, engineering, project management, turnkey, infrastructure, installation, commissioning, testing, repair, maintenance, logistics, warehousing, job work, manpower support and other operational and business support services, including taking on lease/licence movable and immovable properties, including plant, machinery and equipment, and any other similar business transactions. • Subscription, acquisition of equity shares, preference shares, compulsorily or optionally convertible securities, debentures, bonds or other securities and debt instruments to be issued by HTL Limited, including any modification, renewal or restructuring thereof, as may be permitted under applicable laws. • Providing/creating corporate guarantees, security, pledge, indemnity and/or any other form of credit enhancement in favour of banks, financial institutions or other lenders on behalf of HTL Limited in connection with loans, credit facilities or other financial assistance availed or proposed to be availed by HTL Limited, including amendment, renewal, enhancement or continuation thereof. • Granting of inter-corporate deposits, business advances or other financial assistance to HTL Limited from time to time, including renewal, rollover, repayment or modification thereof, in accordance with applicable laws. • Receipt of interest on inter-corporate deposits and/or business advances granted to HTL Limited in accordance with the agreed commercial terms and applicable laws.
3.	Tenure of the proposed transaction	FY26-27 and FY27-28
4.	Whether omnibus approval is being sought?	Yes
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise	₹4600 crore for FY26-27 ₹5900 crore for FY27-28 The break-up of the aforesaid amount is provided under Point A(5)(1) above.



S. No.	Particulars of the information	Information provided by the management
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity.	As the Company and HTL are engaged in similar and complementary lines of business, the Company undertakes transactions on arm's length basis with HTL in ordinary course of business. The proposed related party transactions are commercially expedient, operationally necessary and in the best interests of the Company. The transactions facilitate seamless procurement and supply of quality products and materials, optimum utilisation of manufacturing capacities and other resources, timely execution of customer orders and projects, supply chain efficiencies, and effective utilisation of technical expertise and infrastructure. Further, the proposed investments, inter-corporate deposits/business advances, pledge of shares and corporate guarantees are intended to support the business operations, working capital requirements and expansion plans of HTL, thereby strengthening the consolidated business of the Company. Given the complementary manufacturing capabilities of the Company and HTL, various orders received by either entity may, depending upon manufacturing capabilities, capacity availability, product requirements and delivery timelines, be executed by the other. Further, the Company may supply raw materials, including Optical Fiber for manufacture of OFC, and OFC for connectivity solutions to HTL and may procure certain raw materials, including Aramid Rods, Fiber Reinforced Plastic Rods and Impregnated Glass Fiber Reinforcement from HTL. The proposed transactions shall be undertaken in the ordinary course of business and on an arm's length basis, supported by appropriate benchmarking and internal controls and are expected to contribute to operational efficiencies and create long-term value for the Company and its shareholders.
7.	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly. - Name of the director / KMP - Shareholding of the director / KMP, whether direct or indirect, in the related party	Mr. Mahendra Nahata and Mrs. Bela Banerjee, Directors of the Company, who are also Directors on the board of HTL, to the extent of their shareholding, if any, may be deemed to be concerned or interested, in the transactions. Further, Mr. Manoj Baid, President & Company Secretary and a Key Managerial Personnel of the Company, holds one equity share of HTL Limited as a nominee shareholder on behalf of HFCL Limited.
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	The related party transactions shall be undertaken in accordance with the Company's Policy on Related Party Transactions. These transactions will be on an arm's length basis and in the ordinary course of business. The related party transactions will be supported by the Valuation Report of an Independent valuer, wherever necessary.
9.	Other information relevant for decision making	All relevant information has been appropriately disclosed herein for informed decision making.

B(1). Disclosure in case of transactions relating to sale, purchase or supply of goods or services or any other similar business transaction and trade advances

S. No.	Particulars of the information	Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services.	No bidding or other competitive process has been undertaken for selection of HTL as the counterparty, as the proposed transactions are recurring operational transactions between the Company and its subsidiary, undertaken in the ordinary course of business. HTL possesses the requisite manufacturing capabilities, technical expertise, operational infrastructure and execution capabilities required for the proposed transactions. Further, the transactions are driven by business requirements, operational synergies, supply chain efficiencies and optimal utilisation of resources within the HFCL Group.
2.	Basis of determination of price.	The consideration for the proposed transactions shall be determined on an arm's length basis, taking into consideration the nature and specifications of the goods/materials/services involved, prevailing market prices for comparable goods/materials/services and appropriate benchmarking, wherever applicable, in accordance with the Company's internal policies, procedures and approval framework governing related party transactions. The prices may vary by approximately $\pm 5.0\%$ to $\pm 7.5\%$ from the prevailing market prices, depending upon various commercial and operational factors, including: • Cost of raw materials and other inputs; • Currency exchange rate fluctuations, wherever applicable; • Manufacturing and other overhead costs; • Applicable margins; • Demand for and availability of goods, materials and services; and • Other relevant market and commercial factors prevailing at the time of the transaction. The Audit Committee has reviewed and approved the pricing methodology for the proposed transactions and is satisfied that the proposed transactions are in the ordinary course of business and are being undertaken on an arm's length basis.
3.	In case of Trade Advance (of up to 365 days or such period for which such advances are extended as per normal trade practice), if any, proposed to be extended to the Related Party in relation to the transaction, specify the following: a. Amount of Trade advance b. Tenure c. Whether same is self-liquidating?	As per industry (General) pricing terms



B(2) & C(1). Disclosure only in case of transactions relating to loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary

S. No.	Particulars of the information	Information provided by the management
1.	Source of funds in connection with the proposed transaction.	Internal Accruals
2.	Where any financial indebtedness is incurred to give loan, inter-corporate deposit or advance, specify the following: a. Nature of indebtedness b. Total cost of borrowing c. Tenure d. Other details	No financial indebtedness will be incurred
3.	Rate of interest at which the listed entity or its subsidiary is borrowing from its bankers/ other lenders.	9.50% to 11.00%
4.	Proposed interest rate to be charged by listed entity or its subsidiary from the related party.	As per prevailing market rate at the time of disbursement
5.	Maturity/Due date	Not exceeding three years from the date of disbursement
6.	Repayment Schedule & Terms	Not exceeding three years from the date of disbursement
7.	Whether secured or unsecured?	Unsecured
8.	If secured, the nature of security & security coverage ratio	Not Applicable
9.	The purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the transaction.	The funds shall be utilised by HTL for its business operations, including meeting working capital requirements, funding capital expenditure, business expansion, capacity augmentation and other general corporate purposes, in accordance with its business plans and growth strategy.
10.	Latest credit rating of the related party	Long Term Bank Facilities – Care A (CE); Positive Short Term Bank Facilities- Care A1 (CE)
11.	Default on borrowings, if any, over the last three financial years, by the related party from the Company or any other person and value of subsisting default. In addition, state the following:	Nil
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	Not Applicable
	b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;	Not Applicable
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	Not Applicable
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	Not Applicable

B(3) & C(2). Disclosure only in case of transactions relating to investment made by the listed entity or its subsidiary

S. No.	Particulars of the information	Information provided by the management
1.	Source of funds in connection with the proposed transaction.	Internal Accruals
2.	Where any financial indebtedness is incurred to make investment, specify the following: a. Nature of indebtedness b. Total cost of borrowing c. Tenure d. Other details	No financial indebtedness will be incurred
3.	Purpose for which funds shall be utilised by the investee company.	The funds shall be utilised by HTL for its business operations, including meeting working capital requirements, funding capital expenditure, business expansion, capacity augmentation and other general corporate purposes, in accordance with its business plans and growth strategy.
4.	Material terms of the proposed transaction	Not Applicable
5.	Latest credit rating of the Related Party	Long Term Bank Facilities – Care A (CE); Positive Short Term Bank Facilities- Care A1 (CE)
6.	Whether any regulatory approval is required. If yes, whether the same has been obtained.	Not Applicable

B(4) & C(3). Disclosure only in case guarantee, (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.

S. No.	Particulars of the information	Information provided by the management
1.	a) Rationale for giving guarantee, surety, indemnity or comfort letter b) Whether it will create a legally binding obligation on listed entity?	The proposed corporate guarantee(s)/pledge of shares, surety, indemnity or comfort letter etc. to the lender(s) on behalf of the related party is driven by the need to facilitate timely access to credit facilities at competitive terms, thereby supporting the related party's business operations and growth initiatives, which in turn strengthens the overall financial and strategic position of the Group. Yes, the issuance of such guarantee/pledge/surety/indemnity/comfort letter will create a legally binding obligation on the Company to the extent of the commitment undertaken, contingent upon invocation in accordance with the terms agreed with the lenders.
2.	Material covenants of the proposed transaction including: (i) commission, if any to be received by the listed entity or its subsidiary; (ii) contractual provisions on how the listed entity or its subsidiary will recover the monies in case such guarantee, surety, indemnity or comfort letter is invoked.	Commission not applicable. In the event of invocation of any guarantee, pledge, surety, indemnity or comfort letter provided by the Company, the Company shall have the right to recover the amounts so paid from HTL.
3.	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	The value of obligation of the Company, in case the guarantee is invoked, is limited to the loans obtained by HTL. The corporate guarantees provided by the Company are disclosed in the financial statements as contingent liabilities.



S. No.	Particulars of the information	Information provided by the management
4.	If guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter is given in connection with the borrowing by a related party, provide latest credit rating of the related party	Long Term Bank Facilities – Care A (CE); Positive Short Term Bank Facilities – Care A1 (CE)
5.	Details of solvency status and going concern status of the related party during the last three financial years FY25-26 FY24-25 FY23-24	HTL was solvent and had a going concern status during the last three financial years.
6.	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee) surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	Maximum amount of ₹1,000 crore against the loans availed/ to be availed by HTL from Banks/Public Financial Institutions/ NBFCs, where the Corporate Guarantee(s) are provided for the amount of such loans as a collateral security. The corporate guarantee shall be disclosed under contingent liabilities in the financial statements of the Company.
7.	Default on borrowings, if any, over the last three financial years, by the related party from the listed entity or any other person.	Nil
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	Nil
	b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;	Nil
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	Nil
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	Nil

Pursuant to Regulation 23 of the SEBI Listing Regulations, members may also note that no related party of the Company shall vote to approve the Ordinary Resolutions set out at Item Nos. 5 and 6 whether the entity is a related party to the particular transaction or not.

Mr. Mahendra Nahata, Managing Director of the Company, is also the Chairman and a Non-Executive Director on the Board of HTL Limited. Mrs. Bela Banerjee, an Independent Director of the Company, is also an Independent Director on the Board of HTL Limited. Accordingly, they may be deemed to be concerned or interested in the proposed resolutions to the extent of their directorships and shareholding(s), if any, in the Company and/or HTL Limited. Further, Mr. Manoj Baid, President & Company Secretary and a Key Managerial Personnel of the Company, holds one equity share of HTL Limited as a nominee shareholder on behalf of HFCL Limited.

Save as aforesaid, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolutions set out at Item Nos. 5 and 6 of this Notice, except to the extent of their respective shareholding(s), if any, in the Company.

The Board of Directors recommends the Ordinary Resolutions set out at Item Nos. 5 and 6 of the accompanying Notice for approval by the Members.

ITEM NO. 7

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), prior approval of the Members of the Company by way of an Ordinary Resolution is required for all material related party transactions and subsequent material modifications thereto. A related party transaction is considered material if the transaction(s), to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity, where the consolidated annual turnover of the listed entity does not exceed ₹20,000 crore. Accordingly, based on the Financial Statements of the Company for the financial year ended March 31, 2026, the materiality threshold for related party transactions of the Company is ₹494.92 crore. Accordingly, any related party transaction(s) involving an amount exceeding the aforesaid threshold during a financial year, whether entered into by the Company or any of its subsidiaries, requires prior approval of the Members of the Company.

Further, the Securities and Exchange Board of India ("**SEBI**"), vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated June 26, 2025 ("**SEBI Circular**"), has mandated listed entities to comply with the Industry Standards on "Minimum Information to be provided to the Audit Committee and Members for approval of Related Party Transactions" ("**RPT Industry Standards**"). Accordingly, the disclosures forming part of this Explanatory Statement have been prepared in accordance with the requirements of the SEBI Listing Regulations, the SEBI Circular and the RPT Industry Standards.

The Company holds 74% of the paid-up share capital of HTL Limited (HTL), a material subsidiary, while the remaining 26% is owned by the Government of India. HTL is engaged in the manufacturing of Optical Fiber Cables and connectivity solutions. HTL also manufactures key raw material for OFC such as Aramid Rods, Fiber Reinforced Plastic Rods and Impregnated Glass Fiber Reinforcement and also manufactures Wire Harnesses for Aerospace & Defence and Automotive & Industrial sectors.

HFCL Inc., a material wholly-owned subsidiary of the Company ("**HFCL Inc.**"), is, inter alia, engaged in the trading and supply of Optical Fiber ("**OF**"), Optical Fiber Cables, telecom and networking products and connectivity solutions etc.

HFCL Inc. has a substantial order book for the supply of optical fiber cables and other related products. In recent times, HFCL Inc. has also secured orders for OFC based data centre connectivity solutions and expects a strong pipeline of additional orders in the near future. The global demand for OFC and OFC based data centre connectivity solutions and related products, particularly in the U.S. market, is expected to witness significant growth. The Company, through its subsidiaries, is well positioned to capitalise on these opportunities and further strengthen its international presence.

As the HTL & HFCL Inc. are in similar line of business, HTL carries transactions with HFCL Inc. on a continuous basis. In order to cater to the existing and anticipated demand and to facilitate the timely and efficient execution of the aforesaid orders and future business opportunities, HTL and HFCL Inc. propose to enter into and/or continue to enter into various related party transaction(s), contract(s), arrangement(s) and/or agreement(s), including the sale and supply of Optical Fiber, Optical Fiber Cables, connectivity solutions and other related products and solutions. The proposed transactions are expected to enable optimum utilisation of HTL's manufacturing capabilities and HFCL Inc.'s established marketing, sales and distribution network in the U.S. and other overseas market, while facilitating efficient execution of customer orders, ensuring continuity and reliability of supplies and leveraging operational and commercial synergies between the two subsidiaries.

The aggregate value of the related party transactions undertaken between HTL and HFCL Inc. from April 1, 2026 up to the date of this Notice is within the materiality threshold prescribed under the SEBI Listing Regulations. Further, it is expected that the aggregate value of such transactions shall continue to remain within the applicable materiality threshold until the date on which the proposed material related party transactions are approved by the Members.

Considering the projected business requirements, anticipated growth in operations, expected increase in export orders and the recurring nature of the transactions between HTL and HFCL Inc., the Company is seeking the approval of the Members for entering into material related party transactions between HTL and HFCL Inc. during the financial year 2026-27, up to the proposed aggregate monetary limit of ₹900 crore, as set out in **Item No. 7** of this Notice. The proposed approval would enable HTL and HFCL Inc. to undertake the transactions in a timely and seamless manner and facilitate efficient execution of ongoing and future business opportunities without disruption.

Considering the complementary nature of the businesses of HTL and HFCL Inc. and the commercial necessity of the proposed transactions, the transactions are commercially expedient and operationally necessary. The proposed transactions are expected to facilitate optimum utilisation of manufacturing capabilities, efficient access to international markets, timely execution of export orders, improved supply chain efficiencies and enhanced operational synergies. The proposed transactions are in the ordinary course of business, are proposed to be undertaken on an arm's length basis and are expected to be in the best interests of the Company and its shareholders by contributing to the growth of the Company's consolidated business and long-term value creation.



The Company has a robust governance framework for the review, approval and monitoring of related party transactions and has adopted a Policy on Related Party Transactions in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The proposed related party transactions have been reviewed by the management and placed before the Audit Committee for its evaluation. The Independent Directors, being the members of the Audit Committee, at its meeting held on September 02, 2026, after evaluating the nature, rationale, commercial terms, pricing methodology, materiality and overall commercial benefits of the proposed transactions, approved and recommended the same to the Board of Directors. The Board, at its meeting held on September 02, 2026, after due consideration, approved the proposed transactions and recommended the same for approval of the Members.

Further, in accordance with the requirements of the RPT Industry Standards, the Audit Committee has reviewed the certificate jointly provided by the Managing Director and the Chief Financial Officer of the Company in respect of the proposed related party transactions. The Audit Committee has taken note of and relied upon the said certificate while recommending the proposed material related party transactions between HTL and HFCL Inc. for the financial year 2026-27.

The Audit Committee and the Board, while granting their recommendation and approval respectively, have, inter alia, satisfied themselves that the proposed related party transactions are in the ordinary course of business, are on an arm's length basis, are in the best interests of the Company and its shareholders and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The details of transactions as required under Regulation 23(4) of the SEBI Listing Regulations read with Section III-B of the SEBI Master Circular bearing reference no. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 ("**SEBI Master Circular**") along with details as required under the RPT Industry Standards are set forth below:

A(1) – Basic Details of the Related Party

S. No.	Particulars of the information	Information provided by the management
1.	Name of the related party	HTL Limited (" HTL ") & HFCL Inc.
2.	Country of incorporation of the related party	HTL is incorporated in India HFCL Inc. is incorporated in United States of America.
3.	Nature of business of the related party	HTL is engaged in manufacturing of Optical Fiber Cables (OFC), Connectivity Solutions, Wire Harnesses, FRP, ARP, IGFR etc. HFCL Inc. is engaged in trading of Optical Fiber, Optical Fiber Cables, Telecom and Networking Products and other allied activities.

A(2) - Relationship and ownership of the related party

S. No.	Particulars of the information	Information provided by the management
1.	Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:	HTL is a subsidiary of HFCL Limited (" HFCL/Company "). HFCL Inc. is wholly owned subsidiary of the Company.
	Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	HFCL holds 74% share capital in HTL. HFCL holds 100% share capital in HFCL Inc. HTL does not hold shares in HFCL Inc. and vice-versa.
	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary).	Not Applicable
	Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).	HTL and HFCL Inc. do not hold, directly or indirectly, any shareholding in the Company.

A(3) - Details of previous transactions with the related party

S. No.	Particulars of the information	Information provided by the management		
1.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year and first quarter of current financial year.	(₹ in crore)		
		S. No.	Nature of Transactions	FY25-26
				April 01 2026 to June 30, 2026
		1.	Sale of goods or materials by HTL to HFCL Inc.	65.69
				88.16
2.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the current financial year up to the quarter immediately preceding the quarter in which the approval is sought.	Same as A(3)(1) above.		
3.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.	No		

A(4) - Amount of the proposed transactions

S. No.	Particulars of the information	Information provided by the management
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee/shareholders.	₹900 crore
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year is material RPT?	Yes
3.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	18.18%
4.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction).	100.18% of annual standalone turnover of HTL 65.46% of annual standalone turnover of HFCL Inc.
5.	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding financial year, if available.	NA



S. No.	Particulars of the information	Information provided by the management		
6.	Financial performance of the related party for the immediately preceding two financial years and first quarter of current financial year:	(₹ in crore)		
		HTL	FY24-25	FY25-26
				April 01 2026 to June 30, 2026
		Turnover	574.60	898.41
		Profit After Tax	(15.12)	67.27
		Net Worth	156.83	223.98
				(₹ in crore)
		HFCL Inc.	FY24-25	FY25-26
				April 01 2026 to June 30, 2026
		Turnover	55.99	1,374.91
		Profit After Tax	1.28	52.09
		Net Worth	(0.71)	49.51

A(5) - Basic details of the proposed transaction

S. No.	Particulars of the information	Information provided by the management	
1.	Specific type of the proposed transaction	Particulars	FY26-27 (₹ in crore)
		Sale of Goods or materials or any other similar business transaction	900
2.	Details of each type of the proposed transaction	Transactions related to sale of goods and materials including Optical Fiber (OF), Optical Fiber Cable (OFC), connectivity solutions required in the ordinary course of business, including any other similar business transactions.	
3.	Tenure of the proposed transaction	FY26-27	
4.	Whether omnibus approval is being sought?	Yes	
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise	₹900 crore	
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity.	As the HTL and HFCL Inc. are in similar line of business, HTL carries transactions with HFCL Inc. on a continuous basis. The proposed related party transactions between HTL and HFCL Inc., both subsidiaries of the Company, are commercially expedient, operationally necessary and in the best interest of the Company. The complementary and integrated nature of their respective businesses enables efficient utilisation of manufacturing capabilities, marketing capabilities, technical expertise, infrastructure and other resources, facilitates seamless supply of products and timely execution of customer orders, and enhances operational and supply chain efficiencies. The proposed transactions are also expected to support the growth of the Company's international business and strengthen its consolidated business performance. All the proposed transactions shall be undertaken in the ordinary course of business and on an arm's length basis and are expected to contribute to long-term value creation for the Company and its shareholders.	

S. No.	Particulars of the information	Information provided by the management
7.	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly. i. Name of the director / KMP ii. Shareholding of the director / KMP, whether direct or indirect, in the related party	Mr. Mahendra Nahata and Mrs. Bela Banerjee, Directors of the Company, who are also Directors on the board of HTL. Mr. Ajai Kumar, Director of the Company is also on the board of HFCL Inc. Further, Mr. Manoj Baid, President & Company Secretary and a Key Managerial Personnel of the Company, holds one equity share of HTL Limited as a nominee shareholder on behalf of HFCL Limited. Accordingly, they may be deemed to be concerned or interested in the proposed transactions.
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	The related party transactions shall be undertaken in accordance with the Company's Policy on Related Party Transactions. These transactions will be on an arm's length basis and in the ordinary course of business. The related party transactions will be supported by the Valuation Report of an Independent valuer, wherever necessary.
9.	Other information relevant for decision making	All relevant information has been appropriately disclosed herein for informed decision making.

B(1). Disclosure in case of transactions relating to sale, purchase or supply of goods or services or any other similar business transaction and trade advances

S. No.	Particulars of the information	Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services.	No bidding or other competitive process has been undertaken for selecting HTL or HFCL Inc. as the counterparty, as the proposed transactions are recurring operational transactions between the two subsidiaries and are driven by their respective business requirements, complementary business capabilities, operational synergies, supply chain efficiencies and optimum utilisation of resources within the HFCL Group. HTL possesses the requisite manufacturing capabilities, technical expertise and operational infrastructure, while HFCL Inc. has established market access, customer relationships and distribution capabilities in the overseas market. Considering the integrated and complementary nature of their businesses and the commercial and operational requirements of the proposed transactions, a separate bidding or tender process was not considered necessary or commercially practicable.
2.	Basis of determination of price.	The consideration for the proposed transactions shall be determined on an arm's length basis, taking into account the nature and specifications of the products and/or services, prevailing market prices, comparable transactions with unrelated parties, quotations from independent parties, wherever available, and other relevant commercial factors. Appropriate transfer pricing methods and benchmarking, as applicable under the relevant transfer pricing regulations, shall also be considered to determine and substantiate the arm's length price. The pricing and other commercial terms shall be determined in accordance with the applicable policies and approval framework of the respective entities. The Audit Committee has reviewed the proposed pricing methodology and is satisfied that the proposed transactions shall be undertaken in the ordinary course of business and on an arm's length basis.



S. No.	Particulars of the information	Information provided by the management
		The prices may vary by approximately $\pm 5.0\%$ to $\pm 7.5\%$ from the prevailing market prices, depending upon various commercial and operational factors, including: • Cost of raw materials and other inputs; • Currency exchange rate fluctuations, wherever applicable; • Manufacturing and other overhead costs; • Applicable margins; • Demand for and availability of goods, materials and services; and • Other relevant market and commercial factors prevailing at the time of the transaction.
3.	In case of Trade Advance (of up to 365 days or such period for which such advances are extended as per normal trade practice), if any, proposed to be extended to the Related Party in relation to the transaction, specify the following: - Amount of Trade advance - Tenure - Whether same is self-liquidating?	As per industry (General) pricing terms.

Pursuant to Regulation 23 of the SEBI Listing Regulations, members may also note that no related party of the Company shall vote to approve the Ordinary Resolution set out at Item No. 7 whether the entity is a related party to the particular transaction or not.

Mr. Mahendra Nahata, Managing Director of the Company, is also the Chairman and a Non-Executive Director on the Board of HTL Limited. Mrs. Bela Banerjee, an Independent Director of the Company, is also an Independent Director on the Board of HTL Limited and Mr. Ajai Kumar, Independent Director of the Company is also on the board of HFCL Inc. Further, Mr. Manoj Baid, President & Company Secretary and a Key Managerial Personnel of the Company, holds one equity share of HTL Limited as a nominee shareholder on behalf of HFCL Limited.

Accordingly, they may be deemed to be concerned or interested in the proposed resolutions to the extent of their directorships and shareholding(s), if any, in the Company, HTL and/or HFCL Inc.

Save as aforesaid, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of this Notice, except to the extent of their respective shareholding(s), if any, in the Company.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 7 of the accompanying Notice for approval by the Members.

By **Order of the Board**

Registered Office:

Plot No. 38, Institutional Area
Sector -32, Gurugram-122 001
Haryana

Place: New Delhi

Date: September 02, 2026

(Manoj Baid)

President & Company Secretary

Membership No: FCS 5834

Notes

[illegible]

Notes

[illegible]

[illegible]

Corporate Information

Board of Directors

Mr. Mahendra Nahata

Managing Director

Mr. Arvind Kharabanda

Non-Executive Director

Dr. (Mr.) Ranjeet Mal Kastia

Non-Executive Director

Mr. Ajai Kumar

Independent Director

Mr. Anil Narendra Shah

Independent Director

(w.e.f. 21.01.2026)

Mrs. Bela Banerjee

Independent Director

Mr. Bharat Pal Singh

Independent Director

(ceased to be a director w.e.f. 21.01.2026)

Chief Financial Officer

Mr. Vijay Raj Jain

President & Company Secretary

Mr. Manoj Baid

Auditors

S. Bhandari & Co. LLP

Chartered Accountants

P-7, Tilak Marg, C- Scheme

Jaipur - 302 005

Oswal Sunil & Company

Chartered Accountants

71, Daryaganj

New Delhi - 110 002

Internal Auditor

Anil Agarwal & Co.

Chartered Accountants

506, Surya Kiran Building

K G Marg, Connaught Place

New Delhi - 110 001

Secretarial Auditor

Mr. Baldev Singh Kashtwal

Practicing Company Secretary

106, 1st Floor, Madhuban Tower

A-1 VS Block, Shakarpur Crossing

Delhi - 110 092

Bankers

State Bank of India

Punjab National Bank

Bank of Baroda

Union Bank of India

Indian Bank

IDBI Bank Limited

Yes Bank Limited

Axis Finance Limited

Registered Office

Plot No. 38, Institutional Area

Sector-32, Gurugram – 122 001

Haryana

Optical Fiber Cable Plant

L 35-37, Industrial Area Phase – II

Verna Electronics City, Salcete

Goa - 403 722

Optic Fiber, Optical Fiber Cable and FTTH Cable Plant

Plot No. S-9, e-City, FAB City

Ravirayala Village, Maheshwaram Mandal

Rangareddy District

Hyderabad - 501 359

Telangana

Defence Equipment Plant

113-116

SIPCOT Industrial Complex

Phase – 1

Hosur - 635 126

Tamil Nadu

Corporate Office, Secretarial Department & Investor Relation Cell

8, Commercial Complex

Masjid Moth, Greater Kailash - II

New Delhi - 110 048

Ph: 011- 3520 9400 / 9500

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited

F179-180, DSIDC Shed, 3rd Floor

Okhla Industrial Area, Phase-I

New Delhi-110 020

Ph: 011 - 4140 6149 - 52

Corporate Identity Number

L64200HR1987PLC148689

HFCL LIMITED

Registered Office:
Plot No. 38, Institutional Area
Sector-32, Gurugram – 122 001
Haryana

CORPORATE OFFICE

8, Commercial Complex
Masjid Moth
Greater Kailash - II
New Delhi - 110 048

CIN

L64200HR1987PLC148689

WEBSITE

www.hfcl.com