HFCL GROUP

HFCL Limited
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HFCL/SEC/24-25 September 05, 2024

The BSE Ltd. 1st Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001 corp.relations@bseindia.com **Security Code No.: 500183**	**The National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, C – 1, Block G Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 cmlist@nse.co.in **Security Code No.: HFCL**

RE: Disclosures under Regulation 30 and 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations").

Subject: Submission of Annual Report for the financial year 2023-24, including Notice of the 37th Annual General Meeting.

Dear Sir(s)/ Madam,

In terms of Regulation 30 read with Para A of Part A of Schedule III and Regulation 34 of the SEBI Listing Regulations, we hereby submit a copy of the **Annual Report of the Company for the financial year 2023-24, including Notice of the 37th Annual General Meeting ("AGM")** of the members of the Company, scheduled to be held on **Monday, the 30th day of September, 2024 at 11:00 A.M. (IST)** through Video Conferencing / Other Audio Visual Means **("VC" / "OAVM")** facility.

Please note that the Notice of the 37th AGM along with the Annual Report for the financial year 2023-24, has been sent to the eligible shareholders of the Company, **only through electronic mode** on the e-mail IDs registered with the Depositories/ Depository Participants/ Company/ RTA. The same will also be disseminated on the websites of the Company and the Stock Exchanges i.e. the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

For ease of participation of the members at AGM, **the key details with respect to AGM** are provided below:-

S. No.	Particulars	Details
1.	Cut-off Date/Record Date	**Monday, 23rd September, 2024**
2.	Time Period for Remote e-Voting	**Commencement of remote e-Voting:** **09:00 A.M. IST on Friday, 27th September, 2024** **End of remote e-Voting:** **05:00 P.M. IST on Sunday, 29th September, 2024**
3.	Book Closure Period	**Tuesday, 24th September, 2024 to Monday, 30th September, 2024 (both days inclusive) (for the purpose of AGM and Dividend)**
4.	Process for updating the e-mail id	Physical Mode - Write to: Company at secretarial@hfcl.com; and/or RTA at admin@mcsregistrars.com. The members holding shares in demat mode, may write to their respective depositary participant for updating the e-mail id.

5.	Contact details of participation through VC or remote e-Voting / e-Voting	**Ms. Pallavi Mhatre, Manager,** **National Securities Depository Limited**, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound Senapati Bapat Marg, Lower Parel Mumbai – 400 013 Designated email address: evoting@nsdl.com Telephone no. 022-4886 7000
6.	Company's Contact details	**Mr. Manoj Baid** President & Company Secretary 8, Commercial Complex, Masjid Moth, Greater Kailash – II New Delhi – 110048 Tel: +91-11-3520 9400 Fax: +91-11-292 26015 Email: secretarial@hfcl.com
7.	Scrutinizer to scrutinize remote e-Voting process and e-Voting during the AGM	**Mr. Baldev Singh Kashtwal,** Practicing Company Secretary having Membership No. FCS 3616 and C. P. No. 3169, having office at 106, 1st Floor, Madhuban Tower, A-1, V.S. Block, Shakarpur Crossing, Delhi – 110092

The 37th AGM of the Company is being held through VC/OAVM on Monday, 30th September, 2024 at 11:00 a.m. (IST), without the physical presence of the members at a common venue, in compliance with the various directions issued by the Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI").

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

Thanking you.

Yours faithfully,
For HFCL Limited

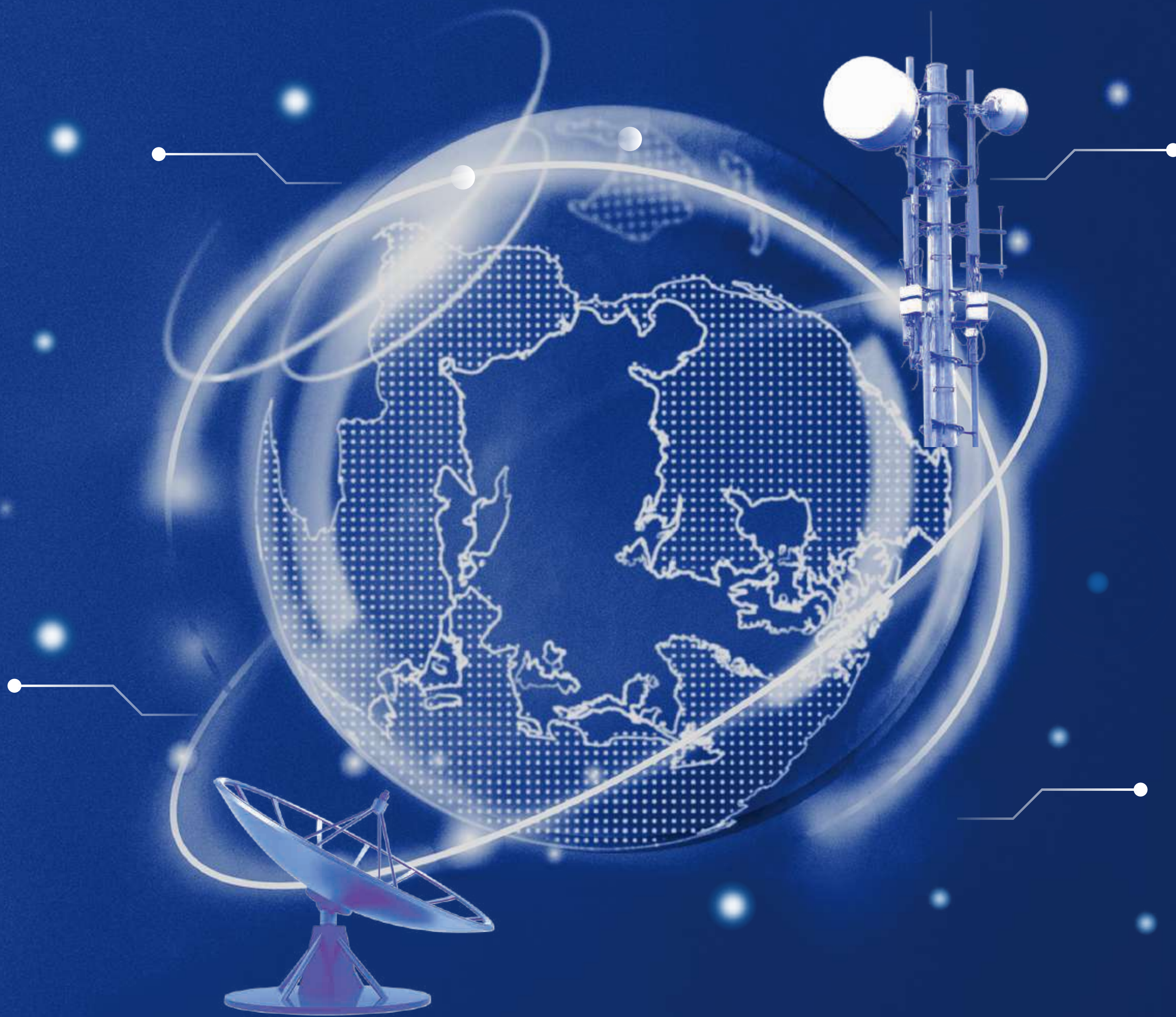
Manoj Baid
Digitally signed by Manoj Baid
Date: 2024.09.05 17:30:03 +05'30'

(Manoj Baid)
President & Company Secretary

Encl: HFCL Annual Report 2023-24 along with Notice of 37th AGM.

HFCL Limited

Building on **Strength**



Aiming for **Excellence**

Annual Report 2023-24

Contents

FY24 Highlights

Financial

₹4,465 crores
Revenue from Operations

₹682 crores
EBITDA

₹338 crores
Profit After Tax

₹2.33
Earnings Per Share (EPS)

13.5%
Return on Capital Employed (RoCE)

0.24x
Debt-Equity Ratio

>₹7,600 crores
Order Book

Non-Financial

16%
Reduction in Energy Consumption

2%
Reduction in GHG Emission Intensity

18%
Reduction in Total Waste Generated

16%
Input Materials Directly Sourced from MSMEs/Small Vendors

886
New Employees Hired

26,000+
Total Employee Training Hours

>1.42 lakhs
CSR Beneficiaries

Rating Upgrade

Long-term

CARE A; Stable

Short-term

CARE A1 (A One)

Enhanced to CARE A1 from CARE A2+ (A Two Plus)

Building on **Strength** Aiming for **Excellence**

Over the years, HFCL has established itself as a significant player in the telecom and defence sectors. It has leveraged its market leadership in optical fiber cables (OFC) and extensive capabilities in telecom products, defence equipment, and project management services. The Company's strength lies in its large-scale OF and OFC manufacturing capacities, diversified product portfolio, comprehensive system integration expertise, a widespread global presence spanning over 45 countries, and a robust business model with forward, backward and horizontal integration.

Moreover, the Company's strong focus on innovation, supported by three dedicated R&D centres and a skilled in-house team, enables it to stay at the forefront of technological advancements. The Company's substantial order book, including contracts across telecom, defence and railways sectors, further provides long-term revenue visibility and positions it for sustained growth.

Building on this solid foundation, HFCL is poised to create sustained value for its stakeholders through a strategic roadmap focused on the short to medium-term. The Company aims to enhance revenue and margins by shifting from a project-focused revenue model to a product-centric approach. This transition, driven by HFCL's commitment to innovation and in-house development of telecom and defence products, is expected to accelerate revenue realisation and improve profit margins. The Company has expanded its global footprint by establishing subsidiaries in the USA, Canada, the Netherlands, the United Kingdom and Poland. These initiatives will strengthen export-led revenue and meet the growing demand from international telecom service providers.

Aiming to contribute to the defence sector and fortify national security significantly, HFCL has invested in its R&D capabilities over the past few years to develop various defence products. Our investment in research and development, leading to innovative defence products, is poised to yield significant returns. This approach aligns with our vision to lead in cutting-edge defence technologies, ensuring the highest quality and performance standards for our customers. HFCL aims to increase its revenue from the defence sector, underscoring its commitment to diversification and sustainable growth.

As HFCL looks ahead, the Company remains dedicated to enhancing its capabilities, expanding its global reach, and pushing the boundaries of innovation. With a clear strategy and a focus on long-term value creation, HFCL is well-positioned to achieve its growth targets, ensuring sustained success for its stakeholders.

HFCL at a Glance

HFCL is a technology-driven company that delivers advanced communication and networking products and solutions globally across the telecom, defence, and railways sectors. Beyond its leadership as a top OFC supplier in India, the Company holds a significant market share in Wi-Fi and Unlicensed Band Radios (UBR). It has recently secured its largest-ever order for fixed wireless access (FWA) customer premises equipment (CPE).

With five manufacturing facilities and three R&D centres, HFCL continues to innovate and lead across multiple technology domains, delivering future-ready connectivity solutions worldwide.

Embracing the Future with Advanced **Connectivity Solutions**

HFCL in Numbers

#1
Optical Fiber Cable Supplier in India

5
State-of-the-art Manufacturing Facilities

3
R&D Centres

45+
Countries Exporting

Catering to Key Industries

The Company's diverse product portfolio and strong market presence drive its growth and success in the telecom, defence, and railways sectors. With a robust infrastructure and a dedicated R&D team, HFCL is well-positioned to meet future challenges and capitalise on new opportunities.

Telecom Sector

HFCL's extensive range of products and solutions for the telecom industry include:

- **Optical Fiber, Optical Fiber Cables and Cable Accessories:** Providing high-speed internet connectivity solutions
- **Indoor and Outdoor Wi-Fi 5 and 6 Access Points:** Provides seamless connectivity with advanced Wi-Fi technology.
- **Point-to-point Unlicensed Band Backhaul Radio (UBR):** Offers advanced backhaul and Enterprise solutions across long distances.
- **AI based Unified Cloud Network Management System:** Centralised network control and monitoring for enhanced performance
- **Ethernet L2/L2+ Managed Switches:** Offering high-performance switching solutions for network infrastructure
- **Home Mesh Routers:** Delivering entire home Wi-Fi coverage with mesh technology
- **5G Indoor and Outdoor Fixed Wireless Access Customer Premises Equipment:** Facilitating high-speed 5G connectivity
- **IP/MPLS Routers:** Ensuring efficient routing and network scalability

92%
Telecom Revenue Contribution

Defence Sector

The Company offers end-to-end solutions in the defence sector by designing customised defence communication products and establishing networks required by the armed forces for defence communication in India.
Key offerings include:

- Electronic Fuze
- Thermal Weapon Sights (TWS)
- Ground and coastal surveillance radar
- Thermal Imaging core (TI core)
- High-capacity radio relay

Secure Communication Networks

HFCL created a robust and secure communication infrastructure for military operations.
Key offerings include:

- Dedicated multi-protocol label switching (MPLS) network
- End-to-end solution for multiple hybrid microwave broadband radio links in remote areas
- Exclusive and dedicated nationwide dense wavelength-division multiplexing-based optical transmission backbone network
- GSM-based fiber monitoring and management system

6%
Defence Revenue Contribution

Railways Sector

HFCL is one of the most innovative designers of modern communication systems for metros, railways, and freight lines.
Key offerings include:

- Transforming and modernising railway communication systems and signalling infrastructure for domestic and international metros
- Pioneering IP-based Video Surveillance System (VSS) for railways
- Deploying advanced telecom networks for seven greenfield dedicated freight corridor projects for the Indian government
- Implementing video management systems at ~750 railway stations

2%
Railways Revenue Contribution

Our Journey

Three Decades of Evolving Excellence

1987

Incorporated as a telecom equipment manufacturer.

1990s

- Expanded business operations.
- Set up a manufacturing facility for wireless-based technology products.
- Set up OFC manufacturing facility at Goa.
- Set up an EPC division to create communication network for various telecom operators reaping the benefits of liberalisation and the telecom revolution.

2000s

Achieved organic and inorganic growth along with portfolio expansion.

- Consolidated the business following the global recession through debt, equity and business restructuring.
- Ushered in revival and growth by expanding manufacturing capacities and strengthening network solutions capabilities.
- Expanded portfolio of products and solutions and entered new geographies to tap new customers.
- Created defence and railway communication divisions.
- Set up R&D facilities for telecom, OFC and defence.
- Completed backward and horizontal integration [fiber reinforced plastic (FRP), aramid reinforced plastic (ARP) rods and passive connectivity solutions (PCS)].

2010s

2020-2024

- Set up a greenfield facility for the manufacture of optic fiber with an annual capacity of 10 million fiber kilometre (fkm) as a backward integration measure.
- Expanded the optical fiber cable capacities from 18.5 million fkm to 25.08 million fkm.
- Commissioned a facility for the manufacture of wire harnesses (Automotive and Aerospace) at HTL Limited, a subsidiary.
- Established three R&D centres in Bengaluru, Gurugram and Hyderabad.
- Launched 5G lab-as-a-service, switches, the world's first open-source Wi-Fi 7 access point along with unified cloud network management systems (UcNMS).
- Launched intermittently bonded ribbon fiber cables.
- Became the first Indian company to introduce indigenous 5G fixed wireless access customer premises equipment (FWA CPE).
- Launched IP/MPLS (internet protocol multi-protocol label switching) router.
- Launched cutting-edge electronic fuzes and surveillance radars.
- Received approval as a 'Trusted Source' from the National Security Council Secretariat (NSCS) for supplying telecom equipment in India.
- Completed broadband connectivity in all gram panchayats of Jharkhand and Punjab under the BharatNet Project.
- Collaborated with global players including Wipro, Qualcomm, CommAgility, VVDN Technologies, IP Infusion Inc., NXP, Aprecomm Metanoia., Capgemini, Olatech, AnexGATE and Xilinx, among others.
- Raised funds via qualified institutional placements and the preferential issue of warrants.

HFCL's comprehensive product portfolio coupled with network creation capabilities, showcases its commitment to innovation and quality in meeting diverse customer needs. With a wide range of products and solutions across the telecom, defence, railway, aerospace, and automotive sectors, the Company continues to serve these key industries, driving progress and delivering value to its clients worldwide.

Next-gen Communication Products and Solutions

Products

Telecom: Empowering Global Telcos with New-age Products

HFCL's telecom products are designed to empower global telecommunication operators with state-of-the-art technology, ensuring robust and reliable communication networks.

Telecom and Networking Products

- **Point-to-point Unlicensed Band Backhaul Radio (UBR):** Offers advanced backhaul and Enterprise solutions across long distances.
- **Indoor and Outdoor Wi-Fi 5 and 6 Access Points:** Provides seamless connectivity with advanced Wi-Fi technology.
- **AI based Unified Cloud Network Management System:** Centralises network control and monitoring for enhanced performance.
- **Ethernet L2/L2+ Managed Switches:** Offers high-performance switching solutions for network infrastructure.
- **Home Mesh Routers:** Delivers entire-home Wi-Fi coverage with mesh technology.
- **5G Indoor and Outdoor FWA CPE:** Facilitates high-speed 5G connectivity.
- **IP/MPLS Routers:** Ensures efficient routing and network scalability.

Optic Fiber/Optical Fiber Cables

- **Optic Fiber:** High-quality fiber for reliable communication.
- **Armoured and Unarmoured Cables:** Robust cables for various applications.
- **Micro Cables:** Compact design for dense network environments.
- **Micro-module Cables:** Flexible and efficient cabling solutions.
- **Ribbon Cables:** High-fiber count cables for large data volumes.
- **FTTH Cables:** Optimised for fiber-to-the-home applications.
- **IBR Cables:** Specialised for dense networks like datacentres.
- **Cable Assemblies:** Pre-connectorised cable assemblies for unsurpassed connectivity.
- **High-density Cabinets:** Fiber Management Systems for efficient cable management and terminations.
- **Fiber Termination Boxes:** Compact Terminal Boxes for Low-Density Fiber Terminations.
- **PLC Splitters:** Space Saving Splitting Solutions for Fiber Networks.
- **Joint Closures:** Ruggedised Fiber Splice Closures for Reliable Network Deployment.
- **Aerial/FTTH Accessories:** Specialised Accessories for Aerial and FTTH Networks.
- **Aerospace and defence cable assemblies:** Reliable Interconnect Assemblies for Harshest Military Environments.
- **Automotive cable assemblies:** Durable & High-Performance Cable Assemblies for Automotive Applications.

Offerings

Defence

HFCL is a prominent player in the Indian defence sector, offering indigenously developed products that cater to the sector's unique needs.

Offerings

- **Electronic Fuze:** Advanced fuze technology for defence applications.
- **Thermal Weapon Sights (TWS):** High-precision targeting.
- **Ground and Coastal Surveillance Radar:** Enhanced surveillance capabilities.
- **Thermal Imaging Core (TI Core):** Superior thermal imaging technology.
- **High-capacity Radio Relay:** Ensures reliable communication over long distances.

Passive Connectivity Solutions

HFCL supplies high-quality passive connectivity solutions that help enterprises manage high-bandwidth networks across Data Centres, LAN and FTTx Networks.

Offerings

- **Cable Assemblies:** Pre-connectorised cable assemblies for unsurpassed connectivity.
- **High-density Cabinets:** Fiber Management Systems for efficient cable management and terminations.
- **Fiber Termination Box:** Compact Terminal Boxes for Low-Density Fiber Terminations.
- **PLC Splitters:** Space Saving Splitting Solutions for Fiber Networks.
- **Joint Closures:** Ruggedised Fiber Splice Closures for Reliable Network Deployment.
- **Aerial/FTTH Accessories:** Specialised Accessories for Aerial and FTTH Networks.

Aerospace and Automotive

HFCL supplies highly-specialised, custom-designed cable assemblies for the aerospace and automotive sectors, meeting stringent industry standards.

Offerings

- **Aerospace and Defence Cable Assemblies:** Reliable interconnect assemblies for harshest military environments.
- **Automotive Cable Assemblies:** Durable and high-performance cable assemblies for automotive applications.

Network Solutions and Projects

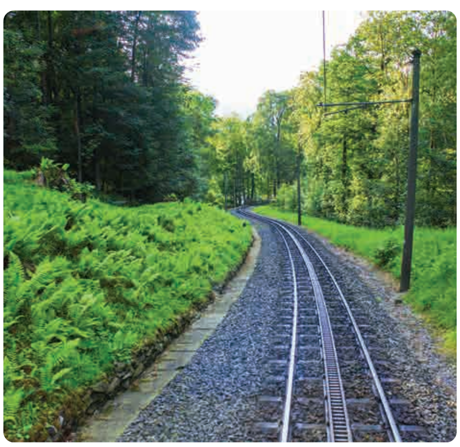
HFCL is an established player in large-scale telecom projects, defence communication, and railway communication, providing comprehensive and innovative solutions to telecom operators and armed forces.

Public Telecommunication

- **Optical Transport Network:** Creating a nationwide optical transport network for a leading telecom operator.
- **Rural GSM Network:** Expanding connectivity to rural areas.
- **Fiber-to-the-home (FTTH):** Offering high-speed fiber connectivity directly to homes.
- **In-building Solutions:** Enhancing indoor connectivity.
- **Mobile Backhaul Networks:** Delivering reliable backhaul solutions for mobile networks.

Defence Communication

- **Multi-Protocol Label Switching (MPLS) Network:** Dedicated routing and switching network.
- **Dense Wavelength-division Multiplexing (DWDM):** Nationwide optical transmission backbone network.
- **Fiber Monitoring and Management System:** GSM-based system for fiber network management.
- **Microwave Network:** End-to-end solutions for hybrid microwave broadband radio links in remote areas.



Railways Communication

- **IP-based Video Surveillance System (VSS):** Implementing across ~750 railway stations.
- **Greenfield Dedicated Freight Corridor Projects:** Advancing cutting-edge telecom networks for the Indian government's projects.
- **Integrating communication networks:** Creating integrated communication networks for Mauritius, Dhaka, Kanpur-Agra, Surat and Delhi Metro projects.

HFCL's robust domestic manufacturing capabilities and strategic international expansions are poised to meet the growing global demand for high-quality optical fiber cables, telecom & networking equipment and connectivity solutions.

This approach ensures that the Company remains at the forefront of innovation and market leadership, fostering growth and delivering exceptional value to its customers worldwide.

Expanding Global Presence with **Strengthened Domestic Foundation**

Strengthened Domestic Presence

Hyderabad, Telangana

Two State-of-the-art Facilities

Optic Fiber: 14 million fiber kilometres per annum

Optical Fiber Cables: 5.2 million fiber kilometres per annum

FTTH Cables: 432,000 cable kilometres per annum

Verna, Goa

Optical Fiber Cables: 8 million fiber kilometres per annum

Chennai, Tamil Nadu (through subsidiary, HTL)

Optical Fiber Cables: 11.88 million fiber kilometres per annum

FTTH Cables: 270,000 cable kilometres per annum

Passive Connectivity Solutions

Hosur, Tamil Nadu (through subsidiary, HTL)

Raw Material Production for Optical Fiber Cables

Aramid Reinforced Plastic (ARP) Rods: 660,000 kilometres per annum

Fiber Reinforced Plastic (FRP) Rods: 504,000 kilometres per annum

Impregnated Glass Fiber Reinforcement (IGFR): 2,700 metric tonnes per annum

Growing International Presence

The Company has broadened its global presence by establishing subsidiaries in the USA, Canada, the Netherlands, the United Kingdom, and Poland. HFCL has already appointed a senior leadership team to seize international opportunities. These strategic initiatives are designed to meet the increasing global demand for optical fiber cables.

European Market Dynamics

Robust Demand

An estimated 308 million homes in the EU region are expected to have FTTH connectivity by 2028. The Company's focus in Euro region will serve the high demand markets such as the UK, Germany, Belgium, France etc.

Core Strengths

Over the years, HFCL has emerged as a leading player in the telecommunication industry, leveraging its robust market position, innovative capabilities, and strategic initiatives.

As a market leader, HFCL's comprehensive approach spans horizontal and vertical integration, dedicated R&D, expanding international presence, and enduring business relationships.

Building a **Competitive Edge**

HFCL's Competitive Edge

HFCL has been carved out a distinct space in the industry by constantly setting challenging goals. The Company aspires to create sustained value for stakeholders by leveraging its strengths in manufacturing, R&D, project execution, talent management and customer relationships.

- **Market Leader**
- **Vertically and Horizontally Integrated Operations**
- **Robust Execution Excellence**
- **Longstanding Client Relationships**
- **End-to-end Solution Provider**

Market Leader

Being one of the largest manufacturer of optic fiber cables in India, HFCL showcases extensive expertise and a commitment to quality. The Company holds a significant market share in Wi-Fi access points, unlicenced band backhaul radio (UBR), Fixed Wireless Access Customer Premise Equipment and various other telecom products. This underscores HFCL's pivotal role in shaping India's telecommunication sector and highlights its extensive market presence.

#1

Optical Fiber Cable (OFC) Supplier in India

Vertically and Horizontally Integrated Operations

HFCL's vertically and horizontally integrated business model ensures a consistent and optimised supply chain, enhancing efficiency and reducing costs. This model spans manufacturing to Network creation, providing the Company a significant competitive advantages.

Cost Efficiency

Lower production costs through integrated operations.

Quality Control

Enhanced quality management across the supply chain.

Supply Consistency

Reliable supply chain reducing dependency on external suppliers.

HFCL's integrated facilities provide enhanced control and cost competitiveness. With five state-of-the-art manufacturing facilities in India, the Company has established a firm foothold in the OF and OFC industry.

Longstanding Client Relationships

With a track record of three decades of execution excellence and consistently delivering innovative products, HFCL has carved a niche in its core domains and has become a preferred global partner for esteemed clients.

Present Capacities

14 mn fkm Annual Capacity for Optical Fiber (OF)	**2,700 MT** Annual Capacity for Impregnated Glass Fiber Reinforcement (IGFR)
25.08 mn fkm Annual Capacity for Optical Fiber Cable (OFC)	**660,000 km** Annual Capacity for Aramid Reinforced Plastic (ARP) Rods
702,000 ckm Annual Capacity for FTTH Cables	**504,000 km** Annual capacity for Fiber Reinforced Plastic (FRP) Rods
12 lakhs Automotive and Industrial Parts/Annum	**1 lakh** Aerospace & Defence Cable Assemblies/Annum

Robust Execution Excellence

Innovation has always been pivotal in HFCL's strong positioning in the industry. The Company has invested in R&D and new product development to meet emerging customer needs. It also has a robust in-house R&D team of professionals specialising in communication, 5G technologies, optical fiber cables and defence.

3

R&D Centres

305

In-house R&D Team Strength

End-to-end Solution Provider

From project conception to completion, the Company ensures a seamless execution that sets it apart in the industry. This end-to-end approach covers everything from conceptualisation to customisation and operational excellence.

Investment Case

HFCL's robust foundation, strategic growth initiatives, and strong financial health form the backbone of its leadership position. The Company's diverse and significant order book, improved financial metrics, focus on high-margin product segments, and favourable market conditions all contribute to its growth trajectory and value creation.

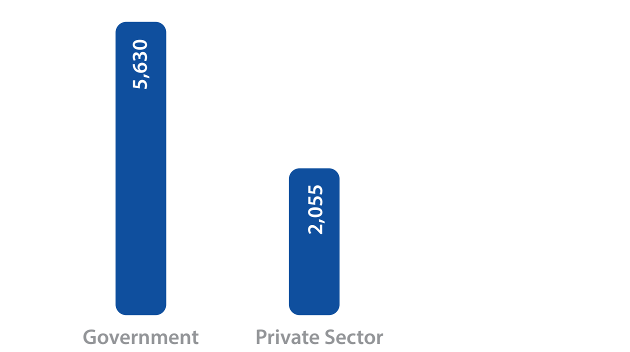
Creating Long-term Value for **Shareholders**

Healthy Order Book Position with Reputed Clientele

HFCL showcases a robust and diversified order book, underscoring its strong market presence and future growth potential. As of March 31, 2024, the Company's order book stands at ₹7,685 crores, comprising a blend of government and private sector orders. This significant pipeline reflects HFCL's strong foothold in critical sectors such as telecom, defense, and railways.

Order Book Summary (as on March 31, 2024)

Order Type (₹ crores)

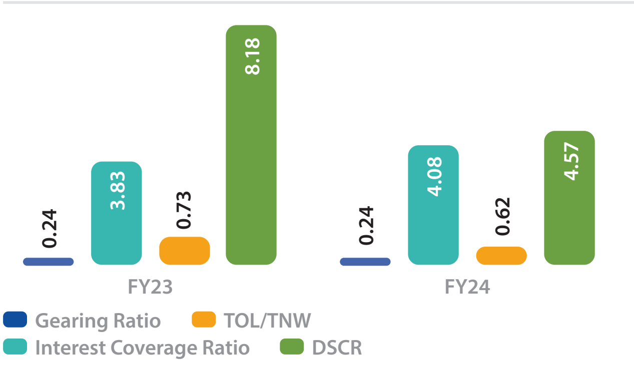


This varied order book highlights HFCL's capability to secure high-value contracts while maintaining a well-balanced client portfolio. The key private sector engagements along with considerable government contracts, position HFCL for sustained growth and stability, making it an attractive prospect for shareholders.

Comfortable Financial Risk Profile with Healthy Debt Coverage Indicators

HFCL's financial risk profile remains robust, strengthened by consistent profit growth and successful qualified institutional placements (QIPs). The Company's overall gearing ratio has shown healthy levels, and the improvement in the total outstanding liabilities to tangible net worth (TOL/TNW) ratio underscores its solid financial foundation. Key coverage indicators, such as the interest coverage ratio and debt service coverage ratio (DSCR), reflect a comfortable financial position, with expectations for continued stability in the coming years.

Financial Metrics (in times)

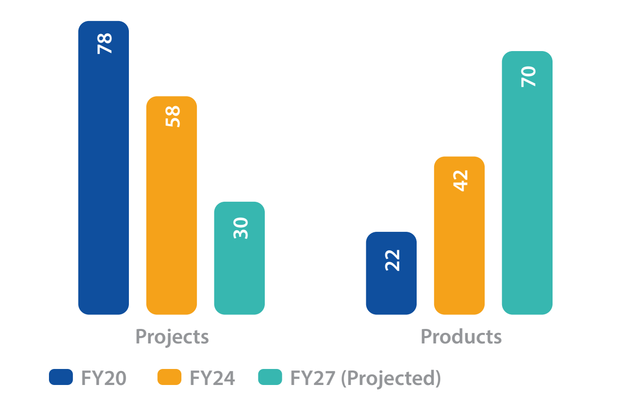


Shift Towards High-margin Product Segments

HFCL is strategically transitioning towards a high-margin product focus, as demonstrated by the evolving revenue mix over the past few years. In FY20, revenue from products was 22%, which increased to 42% in FY24. The management estimates product revenue to constitute approximately 70% by FY27.

HFCL focuses on expanding its portfolio of optical fiber cables and telecom & networking products, which offer higher operating margins and quicker collection periods compared to EPC services. HFCL also aims to innovate and introduce cutting-edge defence products that meet the growing demand in domestic and key global markets. The Company is leveraging its robust R&D capabilities and forming strategic partnerships. These efforts are expected to enable the Company to generate 70% of its revenue from product segments.

Projects and Products (%)



Healthy Demand Potential for Telecom Products and Optical Fiber Cables

India's telecom industry, the second largest globally, is witnessing remarkable growth, driven by a population exceeding 1.4 billion, an expanding internet user base, rising per capita income, a growing smartphone ecosystem, and affordable data costs. The vast, untapped rural market presents significant opportunities for growth in telecom products and optical fiber cables, positioning HFCL to capitalise on these trends.

Proven Track Record

Founded in 1987, HFCL has significantly expanded beyond its initial focus on telecom equipment manufacturing, emerging as a prominent player in optical fiber cables, defence products and turnkey services. The Company's extensive experience and proven track record underscore its solid foundation and ability to propel future growth.

" I am delighted to share that FY24 marked a transformative year for HFCL with significant advancements on multiple fronts. We developed innovative products, expanded our market footprint and improved the quality and mix of our revenue with more focus on product-led and export-led revenue. Through agility and determination, we successfully navigated a dynamic landscape, reinforcing our commitment to delivering exceptional value to stakeholders and laid a strong foundation for the future. "

Mahendra Nahata
Managing Director

Leading with Vision, Delivering with Precision

Dear Shareholders,

I am delighted to share that FY24 marked a transformative year for HFCL with significant advancements on multiple fronts. We developed innovative products, expanded our market footprint and improved the quality and mix of our revenue with more focus on product-led and export-led revenue. Through agility and determination, we successfully navigated a dynamic landscape, reinforcing our commitment to delivering exceptional value to stakeholders and laid a strong foundation for the future.

Reflecting on the Company's achievements, I must acknowledge the India's positive economic environment that has shaped our journey. Despite the global challenges, the Indian economy continues to demonstrate robust growth, establishing itself as one of the fastest-growing economies in the world. The International Monetary Fund projects that India will become the third-largest economy by 2027, propelled by transformative initiatives and strategic government policies, including the vision of Viksit Bharat@2047.

Aligned with this vision, the Government has prioritised making India as a global manufacturing hub through various initiatives, including the Production-Linked Incentive (PLI) scheme, which encourages innovation and promotes domestic production. Moreover, the push for digital transformation is reshaping the economic landscape with initiatives aimed at increasing internet penetration and accessibility, fostering a robust digital economy poised to drive future growth. The ongoing expansion of 4G, the rollout of 5G networks in India coupled with BharatNet Phase-III initiatives and increasing data centres further supports this momentum.

The Government's emphasis on infrastructure development is pivotal in enhancing connectivity and supporting the growth of various industries. The Government is making significant investments to modernise telecom and transport networks, improve roadways, and expand railways, all of which are essential for facilitating nationwide trade and commerce.

The defence sector also plays a crucial role in this journey. The Government's initiatives such as Make in India aim to boost indigenous manufacturing fostering innovation and self-reliance in defence production. This commitment not only strengthens national security but also creates opportunities for companies like HFCL to contribute significantly to the development of advanced defence technologies.

As these initiatives unfold, HFCL sees immense potential within the telecom, defence, and railways sectors. The Company intends to leverage these advancements, ensuring it remains at the forefront of innovation and plays a significant role to this transformation.

A Year of Achievements

FY24 has been a year of strategic wins for HFCL as the Company secured an incremental total order book of approximately ₹3,725 crores. This includes product orders worth over ₹1,500 crores and EPC orders worth ₹2,225 crores. A significant milestone was securing a purchase order worth ₹623 crores for the supply of indigenously manufactured 5G networking equipment. This order, the first of its kind for any Indian company, underscores HFCL's commitment to supporting India's Atmanirbhar Bharat initiative by designing and manufacturing high-technology telecom equipment domestically.

The Company won a contract valued at ₹1,127 crores to upgrade Bharat Sanchar Nigam Limited's (BSNL) optical transport network infrastructure across India. This upgrade will position BSNL for future success with the seamless launch of 4G and 5G services. Additionally, securing a purchase order worth ₹141 crores from BSNL for the supply of indigenously designed unlicensed band backhaul radios to enhance 4G network infrastructure further strengthened HFCL's collaboration with BSNL. These achievements highlight HFCL's leadership in delivering advanced communication technology solutions.

As of March 31, 2024, HFCL's order book has reached at ₹7,685 crores, up from ₹7,010 crores in the previous year.

HFCL's financial performance in FY24 has been robust, demonstrating resilience despite economic challenges. The Company reported consolidated revenue of ₹4,465 crores, compared to ₹4,743 crores in FY23. EBITDA increased to ₹682 crores, from ₹666 crores in FY23, while profit before tax (PBT) rose to ₹454 crores, from ₹431 crores in the previous year. Profit after tax (PAT) increased to ₹338 crores, from ₹318 crores in FY23.

Driving Innovation through R&D

HFCL's commitment to research and development (R&D) has been a cornerstone of its success in FY24. The Company introduced a comprehensive range of connectivity solutions including that for 5G networks tailored for both Indian and global markets. Notable innovations include the first made-in-India 5G fixed wireless access (FWA) customer premises equipment (CPE) portfolio, the 1 Gbps unlicensed band radio, internet protocol/multi-protocol label switching (IP/MPLS) routers, and the 1728 high-fiber intermittently bonded ribbon (IBR) cable. These developments highlight HFCL's capability to deliver cutting-edge technology products, positioning the Company as a leader in the domain.

HFCL's success in designing and manufacturing point-to-point unlicensed band backhaul radios has been particularly noteworthy. The Company has achieved a record market share in India and is also recognised as one of the leading suppliers globally. Its R&D efforts have also led to the development of a full suite of enterprise networking products, including Wi-Fi access points, routers, switches, backhaul radios, and network management systems. We are further developing a range of innovative telecom and networking products, which are expected to achieve significant growth opportunities and enhance our market positions, meeting the evolving needs of our customers.

Expanding Our Reach and Product Portfolio

Having established an extensive presence in the telecom service provider market, HFCL is now aggressively expanding into the Enterprise Market for Telecom and Networking Products. By appointing distributors and channel partners nationwide, the Company aims to reach a broader spectrum of enterprise customers in the government and private sectors. This new customer segment is expected to significantly bolster revenue sustainability in the coming years.

HFCL anticipates substantial growth in its telecom equipment segment, with anticipated revenues for FY25 expected to reach approximately ₹2,000 crores, up from ₹150 crores in FY24.

Innovation-driven growth remains central to the digital economy, and the Company is well-positioned to capitalise on these trends.

Opportunities in the Optical Fiber and Cable Markets

The optical fiber and cable market offers significant opportunities both in India and globally, fuelled by the growing demand for high-speed internet, 5G network expansion, and the rise of data centres. HFCL is addressing these opportunities by developing and manufacturing the innovative optical fiber cables, which are expected to open new markets, particularly with hyper scaling of data centres. HFCL unveiled a suite of award winning high-performance cable solutions at ISE EXPO 2024 in Dallas, Texas, USA.

Another promising opportunity is the BharatNet Phase III project, with BSNL floating a tender worth approximately ₹65,000 crores for capex over the next three years, followed by an additional O&M opportunity worth approximately ₹40,000 crores over ten years. Leveraging HFCL's vertically and horizontally integrated manufacturing capabilities, the Company aims to provide end-to-end solutions that meet BharatNet's stringent requirements. The Company has already submitted its bids for multiple packages and the results of the BharatNet tender are expected to be announced soon.

Opportunities in the Defence Sector

Driven by its vision to fortify national security and contribute to India's defence sector, HFCL envisions significant opportunity for itself in Defence Sector with innovation and tie up with leading international companies. In alignment with the Government's Make in India policy, HFCL has indigenously designed and developed a range of cutting edge defence products including Electronics Fuzes, Thermal Weapon Sights for light machine guns and assault rifles, Ground Surveillance and Coastal Surveillance Radars for various range and applications, High Capacity Radio Relays, among others.

The Company's indigenously developed electronic fuzes for artillery ammunition have already undergone extensive testing, with intellectual property rights fully owned by HFCL, in line with the Atmanirbhar Bharat Abhiyaan. Discussions are underway to export these indigenously developed fuzes and the Company expects building a sizable order book for defence electronics products in FY25.

HFCL has also designed 12-micron Ti-core based thermal weapon sight for defence forces. HFCL has also participated in tenders for thermal weapon sights for light machine guns and rocket launchers with its indigenously developed products, which are currently in various stages of trials.

With India accounting for 3.7% of global military spending, making it the third highest military spender in the world after the U.S. and China, this coupled with export demand, presents a significant market opportunity for HFCL.

Focussing on Enhancing Export-Led Revenue

Exporting products will be a cornerstone for increasing revenue. HFCL is already exporting its manufactured fiber optic cables to more than 45 countries. With its own designed Network Connectivity Solutions, including 5G Networking Solutions, HFCL is now poised to expand exports to several new markets. The Company aims to achieve export led revenue share of 40% by FY27.

Commitment to Sustainability

HFCL recognises that sustainability is integral to its business ethos and long-term success. The Company has taken steps in reducing its environmental impact with a 16% decrease in energy consumption and a 2% reduction in greenhouse gas (GHG) emission over the past year, underscoring its commitment to environmental stewardship. The Company is also dedicated to responsible waste management, achieving a 18% reduction in total waste while actively engaging in tree-planting initiatives that align with government efforts for environmental restoration.

HFCL values its workforce as a key driver of sustainability. The Company promotes diversity and inclusion, through initiatives such as the Future Women Leaders programme, which empowers women in managerial roles. With over 26,000 training hours dedicated to capacity building, HFCL equips its employees with the skills needed to thrive in a rapidly evolving landscape.

In its CSR efforts, HFCL impacts over 142,000 beneficiaries across healthcare, education, elderly care and societal development.

The Company’s governance framework reinforces its commitment to ethical practices and transparency, fostering stakeholder trust and driving positive change within the communities HFCL serves.

Striding Ahead

FY24 has indeed been a transformative year for HFCL. The Company remains committed to delivering value to stakeholders, driving innovation, and positively contributing to India’s technological landscape. We are confident that our focussed efforts in increasing our product portfolio in telecom, optical fiber cable, passive connectivity solutions & defence products, along with capacity expansion, backward integration, broadening our customer base, and entering new geographies, will propel revenue growth, margin expansion and optimal utilization of working capital resources.

We are upbeat about opportunities that lie ahead and look forward to a strong year with great optimism. Looking ahead, I am confident that the Company’s strategic focus and operational excellence will continue to drive us towards achieving even greater success.

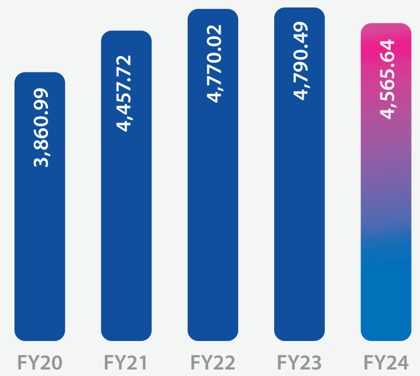
Warm regards
Mahendra Nahata
Managing Director

Key Performance Indicators

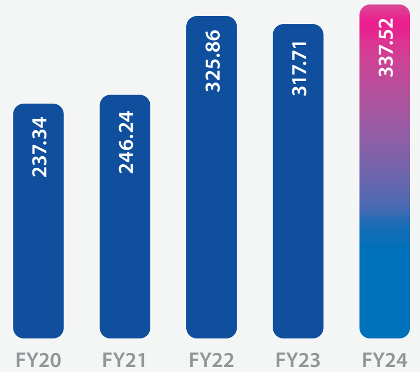
HFCL's growth narrative unfolds from a stringent adherence to robust fundamentals, streamlined operations, strategic expansion endeavours, and an unyielding focus on creating enduring value over the long term.

Delivering **Robust Performance**

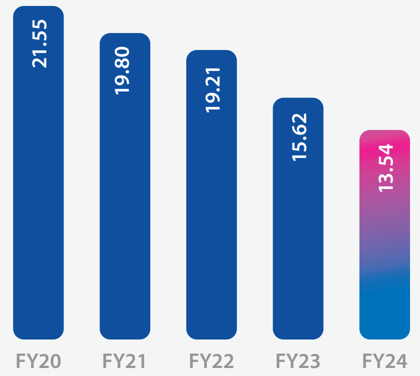
Total Income (₹ crores)



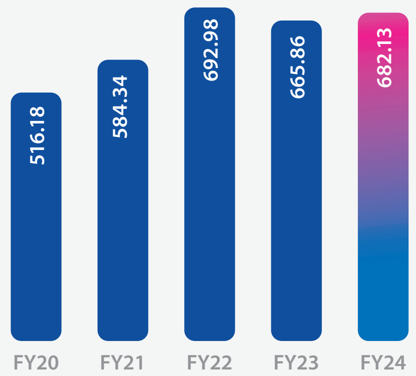
Profit After Tax (PAT) (₹ crores)



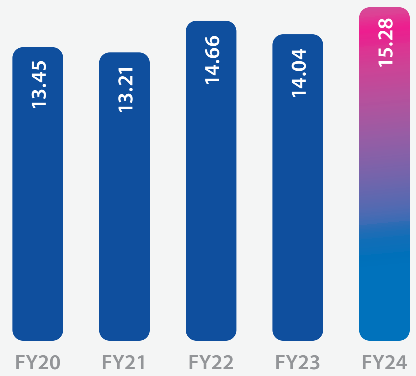
RoCE (%)



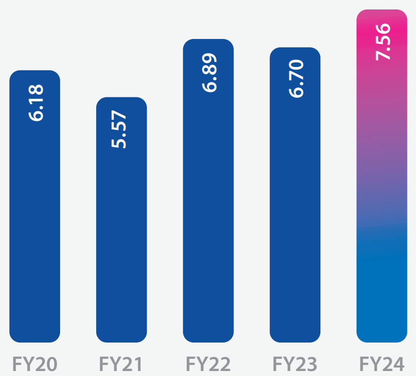
EBITDA (₹ crores)



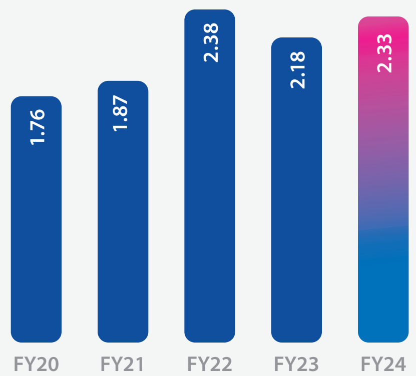
EBITDA Margin (%)



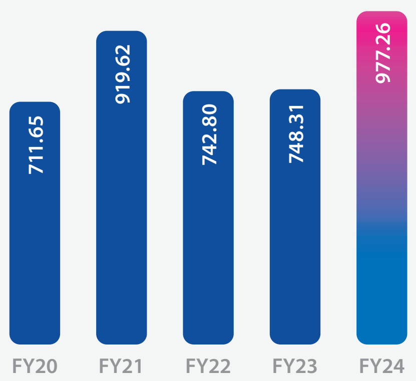
PAT Margin (%)



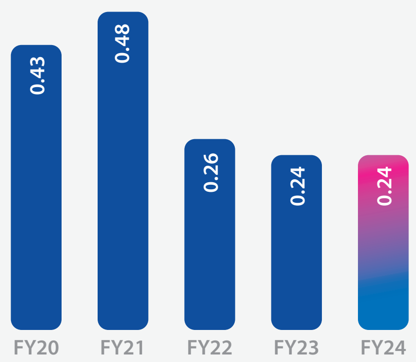
EPS (₹)



Debt (₹ crores)



Debt-Equity Ratio (X)



HFCL has adopted a product-led model, shifting from a project-based approach to achieve better margins, enhance scalability and increase shareholders' returns. Additionally, the Company integrates sustainable business practices to create long-term value for all its stakeholders while positively impacting society and the environment.

A Holistic Approach for Sustainable **Value Creation**

Input Resources

Financial Resources

The Company's robust financials empowered sustained investments in strategic growth drivers, yielding consistent and long-term value for stakeholders.

- Equity capital: **₹144.10 crores**
- Net debt: **₹711.65 crores**
- Reserves and surplus: **₹3,666.29 crores**
- Working capital: **₹2,349.55 crores**

Manufacturing, Innovation, and Other Assets

The Company's state-of-the-art manufacturing facilities, robust R&D capability coupled with innovation and efficient work culture reinforce market leadership and competitiveness.

- Manufacturing facilities: **Five**
- R&D centres: **Three**

Human Resources

As a people-focused organisation, the Company values its people as the driving force behind its growth and progress. Thus, it ensures its employees have an enabling workplace and ample growth opportunities.

- Total employees: **3,547**
- Total training hours: **26,030**
- Total hours of safety training: **1,016**

Society and Communities

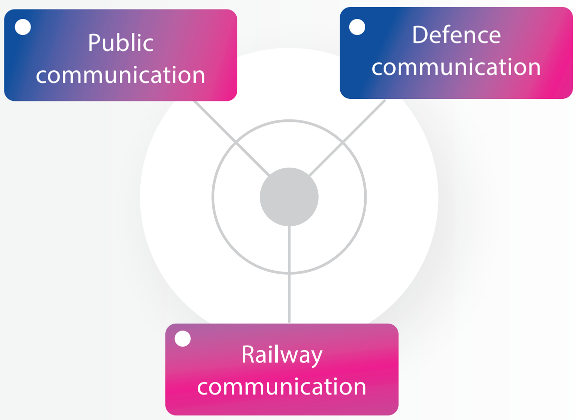
As a responsible corporate entity, the Company contributes towards uplifting underprivileged communities.

- CSR expenditure: **₹2.42 crores**

Value Creation

HFCL's Core Businesses

HFCL generates value by offering communication products and solutions across three business segments:



Operating Context

The Company diligently monitors market trends, growth drivers, risks, and opportunities to maintain a competitive edge.

Read more on page 24

Strategic Priorities

- Capacity expansion and creation of new facilities
- Increasing product portfolio through continuous innovation
- Expanding worldwide reach
- Global partnerships

Read more on page 28

Integrating Sustainability

The Company has adopted various sustainable business practices through an ESG-led approach.

Read more on page 32

Stakeholder Relationships

Through inclusive stakeholder engagement, the Company gains insights, builds trust, manages risks, and makes informed decisions to ensure long-term success.

Read more on page 40

Value Created for Stakeholders

Shareholders

- Total Income
  ₹4,565.64 crores
- EBITDA
  ₹682.13 crores
- PAT
  ₹337.52 crores
- ROCE
  13.54%

Products Manufactured

- Optical Fibers
- Optical Fiber Cables
- FTTH cables
- ARP rods
- FRP rods
- IGFR cables
- Polymer compound
- Telecom and Networking Products

Employees

- On-roll employees hired: **318**
- Off-roll employees hired: **568**

Communities

CSR beneficiaries: **>1.42 lakhs** along with 2,000+ stray animals

Operating Context

Global Opportunity in Optical Fiber Cables (OFC)

The global optical fiber cable (OFC) market will be witnessing growth driven by an increasing focus on developing infrastructure for next-generation broadband networks. The governments and private entities worldwide are investing heavily in broadband infrastructure to meet the rising demand for faster and more reliable internet connectivity.

$319.8 billion

Total Addressable Market (TAM) in Global OFC Opportunities by FY30

Capitalising on Emerging Opportunities **to Drive Growth and Competitiveness**

Region-wise Developments and Plans for Broadband Infrastructure

Europe

In Europe, the broadband infrastructure market is seeing substantial investments, with major allocations including €50 billion in Germany, €3.8 billion in Italy, €21 billion in France, and €2 billion in Austria. These investments are part of broader national strategies to modernise and expand broadband networks, reflecting a commitment to improving digital connectivity across the continent.

UK

The UK has allocated £5 billion for broadband infrastructure under its Project Gigabit initiative. This investment is focused on extending high-speed internet access across the country, particularly in underserved areas, and reflects the UK's commitment to enhancing its digital infrastructure.

US

The broadband infrastructure market in the US is experiencing robust growth, and $97 billion has been allocated. This investment is part of federal programmes aimed at expanding broadband access, improving network reliability, and fostering digital inclusion across diverse regions.

Africa

Africa presents a burgeoning opportunity with a broadband infrastructure market valued at $100 billion. The Government and private sector initiatives focused on expanding digital connectivity and bridging the digital divide across the continent are driving this growth.

HFCL's Response

HFCL aims to target 2% of the TAM of this growing market by expanding its manufacturing capacities and leveraging its expertise in optical fiber cable industry. The Company's commitment to innovation and proactive approach to addressing market needs ensure that it is well-prepared to benefit from the global OFC demand.

Operating Context

Global Telecom and 5G

The telecom and 5G market is projected to reach $614.2 billion, incentivised by efforts to contemporise telecom infrastructure and networks. These efforts include substantial investments in 5G technology by Indian and global governments. The need for modernised transport networks, compliant 5G RAN products, and system integration services is creating a vast market opportunity. The demand spans several segments, including 5G transport products, ORAN-based solutions, and system integration services for end-to-end 5G networks.

$614.2 billion

TAM in Global Telecom and 5G Market by FY30

HFCL's Response

HFCL's priority is developing advanced 5G products and solutions, and its keen emphasis on system integration services aligns perfectly with market requirements. The Company aims to capitalise on the growth in telecom and 5G infrastructure by investing in cutting-edge technology and expanding its product portfolio.

Domestic Opportunity
5G Market in India

Networking Product Demand

The domestic market for networking products is set to grow substantially, with an estimated cumulative opportunity of $7.4 billion. The anticipated increase in 5G mobile subscribers and rising data consumption drive this growth. As smartphones usage proliferates and data usage increases, the demand for advanced networking solutions is expected to surge.

Radio Access Network (RAN) Product Demand

The market for RAN products is experiencing robust growth, with a market size of $20.6 billion. Major telecom operators' investments in Fixed Wireless Access (FWA) and public Wi-Fi services are driving this growth. The expansion of 5G networks and the provision of high-speed internet across various sectors also contribute to this growth.

System Integration (SI) Services Demand

The market for SI services stands at approximately $18.6 billion. Enterprises seeking to leverage 5G technology for various applications and the increasing number of data centres in India are driving this growth. The rise in data centre infrastructure and the need for integrated solutions also contribute to this demand.

$7.4 billion

TAM in Domestic Networking Products by FY30

$20.6 billion

TAM in 5G RAN Products by FY30

$18.6 billion

TAM in System Integration Services by FY30

HFCL's Response

HFCL aims to capitalise on 15% of the addressable market by offering its advanced 5G products and networking solutions. Its cutting-edge RAN products position it as a significant player in the telecom sector. At the same time, its integrated SI services, including private 5G networks and cloud management, are set to meet the rising demand for comprehensive solutions.

Telecom Market (Excluding 5G) in India

The domestic telecom sector presents substantial opportunities driven by significant investments in government-led projects and evolving market needs.

$16.1 billion
TAM across FY23-FY30 for OF/OFC and Accessories

$18.2 billion
TAM across FY23-FY30 for Telecom Equipment

Growth Drivers

BharatNet Phase III

The BharatNet Phase III initiative is a significant endeavour with tenders for approximately 600,000 kilometres of optical fiber cable, valued at around ₹65,000 crores for capital expenditure over the next three years and ₹40,000 crores for operational expenditure over the next decade.

Increased Demand for Optical Fiber Cables (OFC)

The National Highways Authority of India (NHAI) is set to invest $1.5-2.0 billion over the next three to four years to develop dedicated Right-of-Way (RoW) for optical fiber cables along greenfield and brownfield highways.

Fiber-to-the-Home (FTTH) Growth

With a focus on expanding rural broadband, the FTTH market is expected to see increased adoption, presenting significant growth opportunities.

Network Expansion by BSNL

Bharat Sanchar Nigam Limited (BSNL) plans to invest $1-2 billion annually over the next four-five years to enhance 4G and 5G infrastructure, fuelling demand for network solutions.

High Bandwidth Demand

The growing need for high-bandwidth connectivity will drive higher fiberisation of telecom towers, further boosting the demand for optical fiber cables and related solutions.

HFCL's Response

HFCL is well-positioned to capitalise on these opportunities in the domestic telecom market, leveraging its comprehensive product portfolio and advanced optical fiber cable solutions. HFCL foresees strong prospects in these opportunities given its vertically and horizontally integrated manufacturing capabilities in optical fiber cables, its accessories, telecom equipment, and SMPS through one of the group companies coupled with vast experience of laying more than 2 lakhs kilometres of optical fiber cables for various telecom operators. The Company's state-of-the-art fiber-to-the-home (FTTH) products meet the growing demand for high-speed internet. HFCL's proven extensive network expansion and fiberisation capabilities enable it to effectively capitalise on the increasing need for high bandwidth and connectivity solutions. The Company's strategic focus and innovative offerings ensure it captures significant market opportunities and strengthens its leadership in the industry.

Defence Market

The Indian defence sector offers a market opportunity valued at ~$30.6 billion. The drive to modernise defense networks and reduce imports is bolstered by significant capital investments and a strong emphasis on domestic manufacturing. The government's initiatives are centred on strengthening local capabilities and minimising dependency on imports.

HFCL's Response

With the growing demand for advanced defence technologies, HFCL launched electronic fuzes, thermal weapon sights, thermal imaging cores for thermal sights and ground and coastal surveillance radars. These products enhance security and operational effectiveness, addressing the need for sophisticated surveillance and protection systems in critical defence applications. HFCL has also successfully cleared the user trial readiness review for the armament upgrade project of the Indian Army for BMP-2 infantry combat vehicles. By FY27, HFCL aims to generate 10-15% of its total revenues from the defence segment, driven by domestic and global opportunities. Achieving this goal will involve developing customised defence electronics products.

Railway Modernisation

India's railway sector is undergoing modernisation with investments totalling $3 billion. This includes investments towards projects to enhance signalling, telecommunication systems, and overall rail infrastructure, reflecting a commitment to improving railway operations and safety.

HFCL's Response

The Company's expertise in railway technology solutions supports the modernisation of rail infrastructure. By delivering advanced technology, the Company contributes to the growth and development of the railway sector.

Over the next three to five years, HFCL aims to enhance its market presence, expand production capabilities, and explore higher-margin revenue streams. The Company intends to focus on increasing export revenue by capitalising on global demand and transitioning from a project-based to a product-led revenue model to improve profitability. Additionally, forging technology partnerships will drive innovation and achieve operational excellence.

Forging a Path Towards **Growth-driven Excellence**

Capacity Expansion and Backward Integration

HFCL is expanding its manufacturing infrastructure through strategic expansions and backward integration with the objective to:

Reduce Dependence on External Suppliers

With increasing in-house production capabilities and backward integration, HFCL aims to reduce dependency on external suppliers of raw materials for optical fiber cable manufacturing.

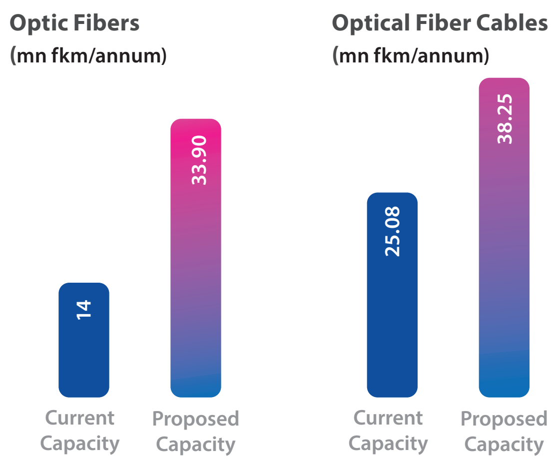
Higher Quality Assurance

Streamlined processes and internal controls ensure superior quality of finished goods.

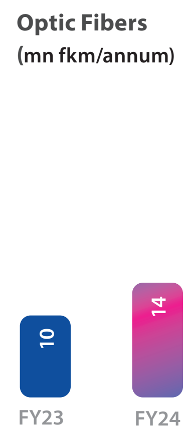
Improved Margins

In-house production resulting into better profit margins by reducing costs associated with external procurement.

Planned Expansion of Manufacturing Capacity



Progress in FY24



New Facility in the National Capital Region (NCR)

HFCL has set up a new manufacturing facility in the National Capital Region to manufacture telecom and networking products. This expansion aligns with the Company's vision to capitalise on the growing market demand for these products and leverage on the government's production-linked incentive (PLI) scheme.

PLI Benefits

The new facility will be eligible for PLI benefits, enhancing HFCL's competitive edge and profitability. The PLI scheme provides significant incentives for domestic manufacturing, fostering growth and investment in key sectors. The Company's participation in this scheme will support its strategic objectives and drive expansion in the telecom and networking domains.

Strategic Priorities

Way Forward

With the new facility and expanded production capabilities, HFCL is well-positioned to meet the growing global demand for advanced telecom and networking solutions while maximising the benefits of government incentive programmes. These strategic expansions will significantly boost the Company's revenue and strengthen its position in manufacturing in the telecom and networking products.

Revenue Mix Optimisation

HFCL's strategic shift towards product-led revenue, increased engagement with private entities, and focus on export-led growth are significant priorities. These efforts aim to enhance revenue and profitability and strengthen the Company's competitive position, leading to increased shareholder value.

Product-centric Approach

The Company aims to drive growth and improve efficiency by reducing working capital needs, accelerating revenue realisation, and expanding profit margins through:

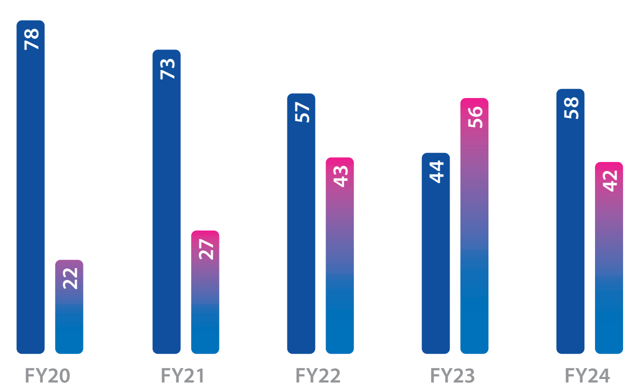
Product-Led Growth

Shifting from a project-based revenue model to a product-led model, which includes Telecom & Networking Products, Optical Fiber Cables, Passive Connectivity Solutions, and Defence Products. This transition is expected to boost product sales, reduce working capital requirements, speed up revenue realisation, and enhance profit margins.

Export-Led Expansion

Efforts for increasing the share of export-driven revenue to 40% will help diversify market risk and capitalise on high-growth international markets.

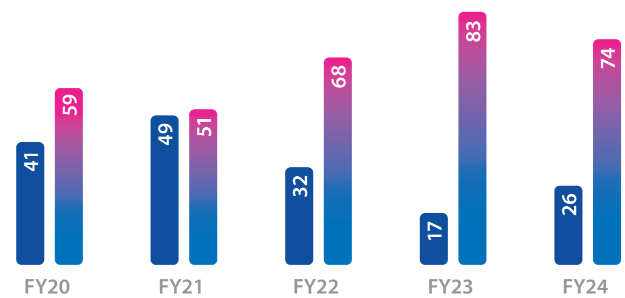
Revenue Mix (%)
(Projects vs. Products)



Increasing Business from Private Entities

In alignment with market trends, HFCL is enhancing its revenue from private entities. This shift reflects a growing demand from private customers, contributing significantly to the Company's overall revenue.

Revenue Mix (%)
(Government vs. Private Customers)



Focusing on Enhancing Export-Led Revenue

The Company is focusing on generating revenue through exports by tapping into global market demand. This approach aims to leverage international opportunities and diversify revenue streams. To achieve this, the Company is focusing on expanding its global presence and driving growth through:

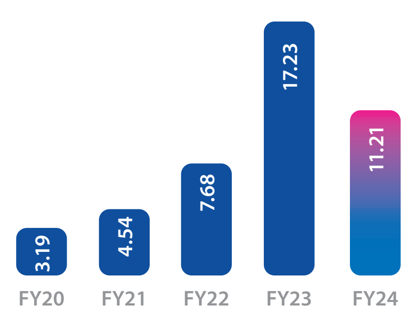
Global Subsidiaries

The establishment of subsidiaries in the USA, Canada, the Netherlands, the United Kingdom and Poland to market its products worldwide.

Focus on Euro Region

Strengthening its presence in the European market is a key strategy for HFCL. The Company is enhancing its European footprint by utilising its Netherlands subsidiary. These initiatives will address the rising demand in the European market and enable HFCL to capitalise on the region's telecom sector.

Export Revenue (%)



HFCL will continue its strategic transition from project-led to product-led revenue, aiming to enhance efficiency and profitability through reduced working capital and faster revenue realisation. The focus will be on increasing product sales while expanding the customer base in the private sector, leveraging growing demand. Additionally, the Company will increase its efforts to boost export-led revenue by capitalising on global market opportunities, ensuring a balanced and diversified revenue stream.

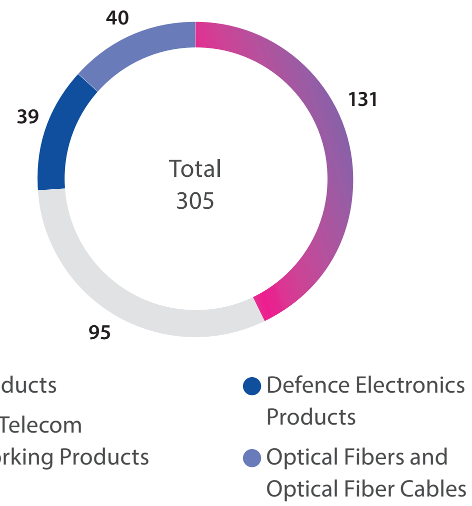
Strategic Focus on Innovation

Innovation is at the heart of HFCL's strategy to maintain its competitive edge in the telecommunication sector. The Company focuses on innovating its product portfolio, particularly in 5G, 6G and defence technologies. This approach involves investing in advanced R&D to develop cutting-edge products that meet the evolving needs of the telecom industry. HFCL is committed to driving technological advancement through its dedicated R&D centres in Bengaluru, Hyderabad, and Gurugram. These centres are the backbone of the Company's innovation efforts, positioning HFCL as a leader in technology-driven solutions.

Strengthened In-house R&D Team

The in-house R&D team is critical to the Company's innovation strategy. The team is segmented into various specialities, each contributing to developing cutting-edge technologies and products.

R&D Team Composition



Product Innovation

The Company focuses on developing unique, high-demand products to drive sales and increase market share. By increasing the number of products designed in-house for global markets, the Company aims to boost both revenue and profitability.

HFCL's robust R&D infrastructure and specialised teams are integral to advancing its technology leadership. By focusing on innovation and expanding its research capabilities, HFCL will drive the development of next-generation solutions and reinforce its position as a technology-led company.

Recent Launches

Public Communications

- **5G Fixed Wireless Access Equipment:** Enables high-speed 5G connectivity.
- **IP/MPLS Routers:** Delivers advanced routing solutions for efficient network management.
- **High Capacity Point to Point Unlicensed Band Radio:** Reliable communication solutions.
- **Unified Cloud Network Management System:** Centralises network control.

Defence

- **Electronic Fuzes:** Leverages advanced fuze technology.
- **Thermal Weapon Sights (TWS):** High-precision targeting.
- **Ground and Coastal Surveillance Radars:** Offers various types of radars for enhanced security.
- **Thermal Imaging Core (TI Core):** Superior thermal imaging technology.
- **High Capacity Radio Relay:** Enhances reliable long-distance communication.

Products Under Development

Telecommunication

- **Ultra-high-capacity Point-to-point and Point-to-multipoint Unlicensed Band Backhaul Radio:** Offers advanced backhaul and Enterprise solutions for high-capacity networks.

Defence Communication and Electronics

- **Drone Detection Radar:** Utilises cutting-edge technology for drone detection and security.

Optical Fiber Cable

- 864F Loose tube Micro cable
- Indoor/Outdoor Intermittent Bonded Ribbon Cable
- Ribbon unitube Dielectric/Armoured Cable upto 432F

HFCL is committed to environmental sustainability and minimising its carbon footprint throughout its operations. The Company consistently strives to ensure a greener future by undertaking various water, energy and waste management initiatives.

Committed to a **Greener Future**

Journey Towards Environmental Sustainability

HFCL has prepared its ESG strategy and roadmap for achieving long-term sustainability goals. The Company has implemented various initiatives to reduce its environmental footprint and consistently strives to ensure a greener future by undertaking various water, energy, and waste management initiatives.

~₹6 crores

Saved through Environmental Sustainability Efforts

Facility Location	Sustainability Initiatives	Expected Outcomes
Hyderabad	Installation of a 1 MW solar system set to be operational by FY25	- Saving of 1.5 million units of energy per annum - Reduction of 1,215 metric tonnes of emissions
	Shifting from conventional microwave lamps to LED UV variants	- Emission reduction by 5,022 metric tonnes each year - Saving of 6.2 million units of energy per year
	Zero-waste landfilling through responsible waste management	Waste reduction and potential to reduce carbon dioxide emissions up to 124 metric tonnes
Goa	Transition to solar energy with 40% of total energy consumption from solar	Expected carbon dioxide emission reduction of up to 3,240 metric tonnes
Chennai and Hosur (HTL Limited, a subsidiary company)	Transition to solar/wind model of 10MW capacity to accelerate renewable energy integrating from 80% to 90% by FY27	Expected emission reduction of up to 14,580 metric tonnes

Energy Management

Energy Conservation

HFCL has transitioned from conventional to energy-efficient LED lights across all facilities and offices, significantly minimising overall energy consumption. The Company also installed high-efficiency compressed air suction devices to cut down on noise and enhance compressed air efficiency, benefitting operational performance and environmental sustainability.

16%

Reduction in Annual Energy Consumption

Sustainable Packaging

HFCL strives to reduce plastic waste throughout all stages of its operations. To conserve wood and fuel, the Company has replaced plastic with corrugated paper sheets and re-engineered packaging drums.

Increasing Resource Efficiency

HFCL's resource-efficient practices emphasise sustainability, paving the way for a greener and more responsible future. This is evident from our waste management practices, where 1,337 metric tonnes of waste were recovered during FY24 through recycling, reusing, or other recovery operations.

Parameter	FY24	FY23
Total Waste Generated (in Metric Tonnes)		
Total Waste Generated	1,507	1,838
Waste Recovered	1,337	770
Waste Disposed	170	1,068

Paperless Data Recording

HFCL has switched to paperless data recording for optical fiber and cable testing. Data is recorded directly from test equipment and sent to the PC via software.

Environment

Water Management

The Company has adopted a proactive water management approach across its manufacturing sites and undertaken various initiatives.

- **Continuous Recycling:** HFCL has implemented an efficient water recycling process in its Goa and Hyderabad manufacturing facilities to minimise freshwater consumption.
- **Re-purposing Wastewater:** The Company installed 35 KL/day sewage treatment plants (STP), at its Hyderabad facility and 30 KL/day STPs at its Goa plant, to recycle wastewater for gardening.

35 kl/day

Installed STP Capacity at Hyderabad

30 kl/day

Installed STP Capacity at Goa

- **Rainwater Harvesting:** The Company installed a rainwater harvesting system at its Hyderabad facility to promote water conservation.

- **Green Landscaping:** HFCL has undertaken landscaping at its plants to promote biodiversity and maintain ecological balance.

5.5 acres

Area covered by Green Landscaping at Hyderabad

Waste Management

HFCL aims to minimise waste and optimise resource usage to align with its ESG commitment. Through various initiatives, the Company seeks to reduce the amount of waste disposed of from its manufacturing sites.

18%

Reduction in Total Waste in FY24

Sustainable Manufacturing Processes:

Committed to a 'reduce, recycle, and reuse' approach, HFCL is focused on making its manufacturing processes more sustainable. To minimise waste, the Company has implemented measures such as recycling and reusing packaging materials through its suppliers and returning empty fiber spools and jelly containers for reuse. Additionally, HFCL reduces wood consumption by using biodegradable rubber wood for packaging finished products.

84%

Reduction in Waste Disposal in FY24

74%

Increase in Waste Recovery in FY24 vis-à-vis the Previous Year

E-waste Management: The Company has a standardised e-waste management system that is compliant with the E-Waste Management Rules 2022. To ensure the safe disposal of e-waste, HFCL partnered with GreenTek Reman Private Limited , a vendor approved by the State Pollution Control Board (SPCB), Central Pollution Control Board (CPCB), and the Ministry of Environment, Forest and Climate Change, Government of India.

Other Sustainable Initiatives

- The Company is working on minimising the impact on greenbelts through the underground OFC cable laying. It also reduces tree damage and ensures soil restoration by switching to horizontal drilling during digging pits.
- The Company participated in the Haritha Haram tree-planting initiative launched by the Government of Telangana.
- HFCL is working towards reducing noise pollution from manufacturing processes by establishing sound-controlled units at its Goa and Hyderabad facilities.

Certification

HFCL maintains the highest standards of environmental and operational excellence. The Company's Environmental Management System is ISO 14001:2015 certified, ensuring sustainable practices. All raw materials used in manufacturing optical fiber and cables comply with the Restriction of Hazardous Substances (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations, minimising environmental impact and ensuring safety. The Company is also certified by Underwriters Laboratories (UL) as its optical fiber cables meet their stringent safety standards. HFCL is also ISO 22301:2019 certified for business continuity and disaster recovery at its Goa plant, with comprehensive plans and procedures in place.

The Company has formulated detailed standard operating procedures for an effective business continuity management system and disaster management action plan. To ensure these plans are robust and effective, HFCL periodically plans training and awareness sessions.

The Company's extensive list of certifications demonstrates its commitment to quality, safety, and information security, including:

- ISO 9001:2015 – Quality management system across multiple facilities
- TL9000:2016 – Telecom-specific quality management at Goa and Hyderabad plants
- ISO 10002:2018 – Complaint management system at Goa and Hyderabad plants
- ISO 45001:2018 – Occupational health and safety management system at key locations
- ISO/IEC 27001:2013 – Information security management across various offices and plants
- ISO/IEC 27701:2019 – Privacy information management system at multiple sites
- ISO/IEC 20000-1:2018 – IT service management system at multiple locations
- ISO/IEC 17025:2017 – Competence of testing and calibration laboratories at Goa and Hyderabad plants
- Capability Maturity Model Integration (CMMI®) for Development (CMMI-DEV) Level 3 – CMMI for software development at the Gurugram office
- Certificate of Designation (OFC Testing Lab) – Conformity assessment at Goa and Hyderabad plants

Social – People

HFCL understands the importance of fostering an agile and skilled workforce to stay ahead in the dynamic industry. The Company continuously focuses on upskilling its employees through learning and development programmes and exciting growth opportunities.

Nurturing Talent for **Long-term Success**

Hiring and Onboarding

The Company prioritises hiring talented and motivated individuals to serve its long-term goals. It is onboarding seasoned professionals in technical, sales, and business development roles as it focuses on innovation, expansion, and the growth of its customer base. HFCL aims to build capable teams to meet the standards of global success.

Promoting Diversity and Inclusion

The Company aims to create a fair and inclusive workplace for its employees with the following initiatives:

- Trained personnel on the Prevention of Sexual Harassment (POSH) policy
- Introduced the Future Women Leaders (FWL) programme to empower and uplift women in managerial roles
- Observed International Women's Day to acknowledge female employees and their contributions with themed workshops and panel discussions

Social – Community

HFCL believes in the power of social responsibility to drive positive change within communities. The Company's Corporate Social Responsibility (CSR) initiatives directly resonate with its values and dedication to enhancing lives in society and its firm commitment to making a meaningful impact.

~₹39 crores
CSR Spend in the Last 10 Years

>1 million
Beneficiaries in the Last 10 Years

Transforming Lives for **Ensuring Equitable Growth**

Healthcare

HFCL aims to enhancing societal well-being through its healthcare efforts, undertaking various initiatives.

Mobile Medical Units

The HFCL Group, in partnership with HelpAge India and Wockhardt Foundation, runs nine mobile medical units at different locations, providing preventive healthcare facilities in remote areas.

Open Heart Surgeries

The Company, in partnership with the All India Heart Foundation and its Clinical Research and Medical Care Delivery wing, i.e. National Heart Institute, Delhi, supports open heart surgeries and valve replacements.

Corrective Surgeries

The Company collaborated with St Stephen's Hospital, New Delhi, to aid corrective surgical interventions for financially backward individuals, addressing deformities due to polio or other conditions.

Education

The Company is deeply committed to fostering inclusive and equitable opportunities for all. It focuses on empowering disadvantaged groups through education, skill development, and digital literacy initiatives that create a lasting impact on their communities.

Support for Specially-abled Children:

The Company, under Project Samarth, adopted specially-abled children of Balvantray Mehta Vidya Bhawan, Delhi and provided them grants for their education.

Computer Skill Training

HFCL offered computer skill training to the underprivileged youth at its dedicated computer learning centres in Ghazipur, Uttar Pradesh.

Digital Education

The Company provided education, under Project Pehal, enabling smart classes for students in Ghaziabad, Churu and Ghazipur.

Societal Welfare

HFCL focuses on enhancing social welfare through various initiatives, aiming to improve well-being and encourage compassion.

Caring for Senior Citizens

For elderly care, HFCL has constructed a facility for over 100 abandoned elderly individuals at SHEOWS in Garhmukteshwar and provides grants to the Amritam Charitable Trust to build a facility for elderly care.

Stray Animal Welfare

The Company takes care of stray animals by providing food and shelter facilities.

2,000+

Stray Animals Benefitted in FY24

HFCL recognises the importance of a strong governance framework that fosters long-term, sustainable and beneficial relationships with its stakeholders. The Company's philosophy, based on ethical and transparent business practices, reflects the Board and management's dedication to building trust with its stakeholders.

Visionary **Leadership**

Board of Directors

The Company's Board of Directors serves as the highest authority, responsible for making strategic, financial, and reputational decisions for the organisation. The Board guides the Company and its strategic direction and diligently oversees its diverse operational areas.

Board Committees

HFCL's Board consists of six specialised committees, aimed to optimise decision-making with precision. Each committee handles distinct areas of responsibility to reinforce effective governance within the Company. This structure enhances operational efficiency, promotes focused discussions and supports well-informed decision making.

Committees

Audit Committee

Nomination, Remuneration and Compensation Committee

Stakeholders' Relationship Committee

Corporate Social Responsibility Committee

Risk Management Committee

Environment, Social, and Governance Committee

Board Experience

Under the guidance of an experienced Board with diverse backgrounds, HFCL has established itself as a leader in communication technology industry.

>40

Years of Experience

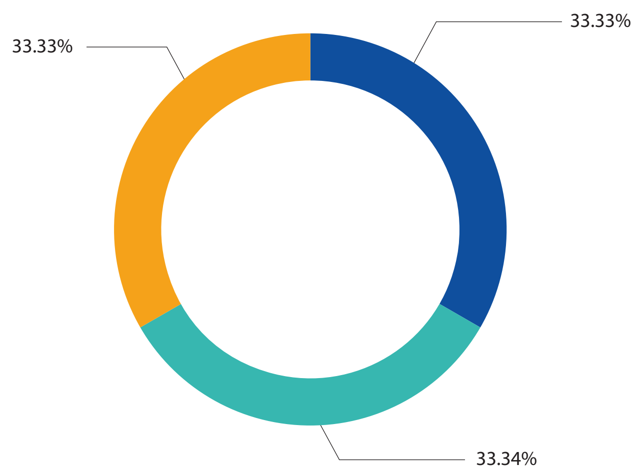
Board Tenure

The Company's Managing Director and Independent Directors (excluding Non-executive Directors) are appointed for three-year terms and are subject to re-appointment thereafter.

Board Diversity

The Company's Board is meticulously structured to promote extensive diversity, including variations in age, gender, qualifications, professional experiences, sectors, and specialised skills.

Board Age Profile



Age (years)

55-65 | 66-75 | >75

Board Composition

1

Executive Director

2

Non-Executive Directors

3

Independent Directors

Board of Directors

Mr. Mahendra Nahata
Managing Director

Mr. Ajai Kumar
Independent Director

Mr. Bharat Pal Singh
Independent Director

Mr. Surendra Singh Sirohi
Independent Director, (up to 26.08.2024)

Dr. (Ms.) Tamali Sengupta
Independent Director

Mr. Arvind Kharabanda
Non-Executive Director

Dr (Mr.) Ranjeet Mal Kastia
Non-Executive Director

Statutory Reports

Financial Statements

Management Discussion and Analysis (MDA)

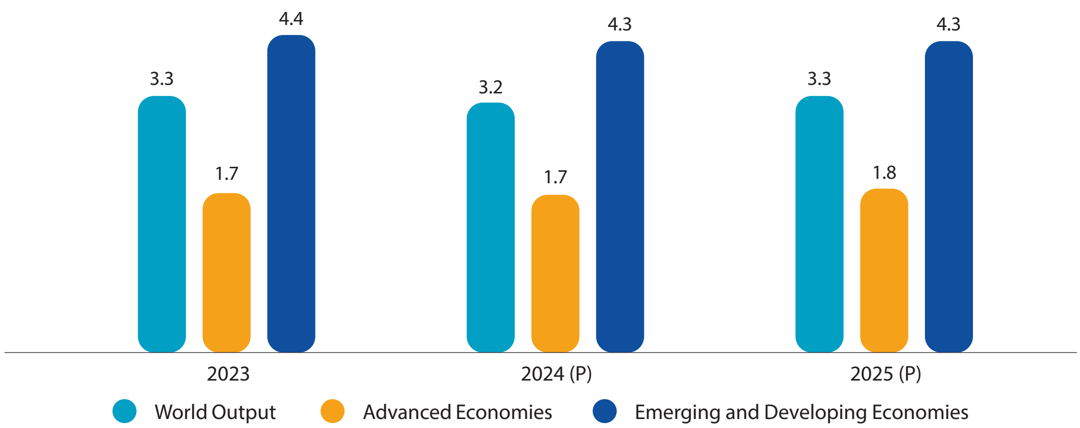
Economic Overview

Global

The global economy demonstrated strong resilience with an estimated GDP growth of 3.3% in 2023 despite facing a series of challenges including supply-chain disruptions, the ongoing geopolitical uncertainties, and a surge in inflation that prompted synchronised global monetary tightening. The world economy managed to avoid a recession, with the banking system remaining stable and major emerging markets successfully weathering sudden financial shocks. Economic activity was further supported by significant government spending, strong household consumption, and boost in labour force participation. These factors, combined with substantial pandemic-era savings and adjustments in housing markets, helped sustain growth even in the face of high borrowing costs and tightening fiscal policies to curb inflation.

Inflation, which peaked at the end of 2022, has been on a downward trajectory, declining from an average of 6.8% in 2023 to a projected 5.9% in 2024 and 4.5% by 2025. Despite this overall disinflationary trend, there is a slight increase in both headline and core inflation, driven by persistent pressures in services inflation.

Global Growth Trend (%)



Source: IMF World Economic Outlook July 2024; Note: P stands for projections

Outlook

Looking ahead, global growth is expected to remain steady at 3.2% in 2024 and 3.3% in 2025. For advanced economies, growth is expected to be 1.7% in 2024 and 1.8% in 2025. In comparison, emerging markets and developing economies (EMDEs) are forecasted to grow at 4.3% in both years. The outlook for advanced economies reflects a moderation in activity, with slower growth in key geographical areas such as the U.S., the Euro area and Japan. Meanwhile, EMDEs are anticipated to benefit from stronger growth, particularly in Asia, driven by rebounds in private consumption and exports.

The overall economic outlook remains positive, with global inflation continuing to decline, although EMDEs will experience a slower decrease compared to advanced economies. Despite the favourable inflation trends, global growth faces challenges from high borrowing costs and necessary fiscal adjustments to address elevated government debt.

Risks to the global outlook include potential inflationary pressures from persistent price increases in certain sectors and geopolitical tensions that could impact economic stability. Financial conditions are expected to remain accommodative, but variations in interest rates and commodity prices may influence future growth. Policymakers will need to carefully balance monetary and fiscal measures to maintain economic stability and address emerging risks.

Indian

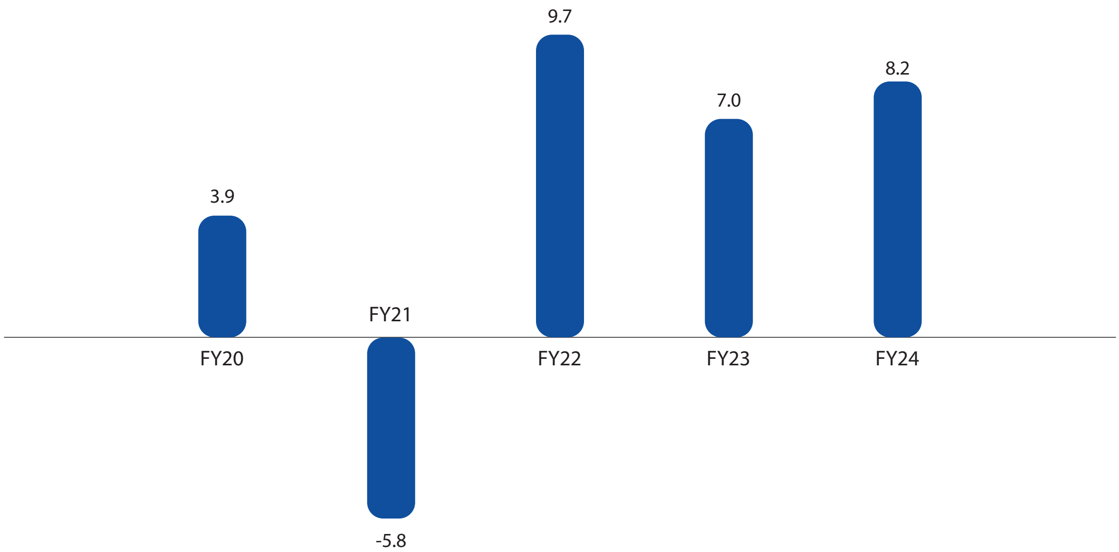
Amid a complex global economic environment, India demonstrated a strong growth trajectory during FY24. The Indian economy exhibited a robust GDP growth of 8.2%, driven by significant acceleration in aggregate demand, a recovery in rural spending and easing inflationary pressures. Increase in non-food spending and a decrease in headline inflation have boosted consumer confidence, contributing to sustained economic activity.

Economic activity remained strong during FY24 with high-frequency indicators such as e-way bills, toll collections, and automobile sales consistently reflected strong domestic demand. The labour market saw significant improvements, with the employment rate increasing to 6% in FY24 from 3.2% in FY23. The organised sector experienced increased job creation, as evidenced by the PMIs (Purchasing Managers' Index) for manufacturing and services, which bolstered employment opportunities.

India's growth prospects are further supported by infrastructure investments and strategic emphasis on enhancing domestic manufacturing. Additionally, the Country's resilient labour markets, continued investments in productivity-enhancing sectors and rising industrial activities, collectively support long-term economic stability and growth. In line with this, the Government announced an 11.1% increase in the capital expenditure for FY25, bringing the total to ₹11.1 lakhs crores, which is 3.4% of GDP. This increase reflects the Government's commitment to infrastructure development and economic resilience with a focus on boosting productivity, creating jobs and stimulating further economic growth.

With strong domestic demand, robust public and private investments and favourable demographic trends, India is poised for sustained growth. The Government's strategic focus on infrastructure development and economic reforms has positioned the Country well to navigate global uncertainties. Continued vigilance in managing financial risks and maintaining fiscal discipline will be key to realising India's economic potential and securing long-term stability.

GDP Growth Rates (%)



Outlook

India's economic growth outlook remains robust with the GDP growth forecast at 7% for FY25, according to recent updates from IMF and Asian Development Bank, while the RBI revised its estimate to 7.2%. This positive outlook is driven by several key factors including, strong domestic demand from rising incomes and an expanding middle class, coupled with a 10.6% YoY increase in private investment, supported by the National Monetisation Pipeline and significant increases in budgeted capital expenditure. In addition, moderating inflation with CPI inflation at 4.83% in April 2024, provides a stable environment for both consumers and businesses. The manufacturing sector is experiencing a resurgence, growing by 11.6% year-over-year, driven by government initiatives such as Make in India and Production Linked Incentive (PLI) schemes. The services sector remains resilient, growing by 7% YoY, bolstered by the IT sector and a strong recovery in contact-intensive services such as tourism and hospitality. Despite global headwinds such as geopolitical tensions and supply chain disruptions, India's domestic demand has remained resilient, and the Country has emerged as an attractive destination for manufacturing investments. Trade agreements, such as the India-UAE Comprehensive Economic Partnership Agreement (CEPA), further support supply chain diversification. Overall, India's economic growth is poised for sustained momentum, underpinned by strong domestic fundamentals and strategic policy initiatives.

Industry Overview

Indian Telecom Sector

The Indian telecom industry is the second-largest in the world, with total telecom subscriber base of 1,199.28 million as on March 31, 2024, including both wireless and wireline subscribers. The total number of internet subscribers increased from 881.25 million at the end of FY23 to 954.40 million by the end of FY24, reflecting an annual growth rate of 8.30%. This growth has been supported by several factors, including affordable tariffs, wider availability, the rollout of Mobile Number Portability (MNP), and expanded 3G and 4G coverage. The number of broadband subscribers rose from 846.57 million to 924.07 million, a 9.15% increase, while narrowband subscribers decreased from 34.69 million to 30.34 million, a decline of 12.53%.

Investment activity in the sector remains strong, with the Average Revenue Per User (ARPU) for wireless services increased to ₹149.25 in FY24 from ₹138.75 in FY23, marking a 7.57% growth. The Average Minutes of Usage (MOUs) per subscriber per month increased to 963 in FY24 from 919 in FY23, reflecting a 4.79% growth.

954.40 million

Total Internet Subscribers in FY24, 8.30% YoY growth

924.07 million

Total Broadband Subscribers in FY24, 9.15% YoY growth

The number of wireless data subscribers also grew from 846.21 million in FY23 to 913.34 million in FY24, a 7.93% increase. Wireless data usage volume expanded from 160,054 PB to 194,774 PB, a rise of 21.69%, while revenue from wireless data usage increased from ₹1,74,144 crores to ₹1,86,226 crores, reflecting a 6.94% increase.

Telephone subscriptions in India increased from 1,172.34 million at the end of FY23 to 1,199.28 million at the end of FY24, indicating a 2.30% growth. Tele-density improved from 84.51% to 85.69%, a rise of 1.39%. Urban telephone subscriptions grew from 653.71 million to 665.38 million, reflecting a 1.79% increase, although Urban Tele-density slightly declined from 133.81% to 133.72%. In contrast, rural telephone subscriptions increased from 518.63 million to 533.90 million, a 2.94% growth, with Rural Tele-density improving from 57.71% to 59.19%, a rise of 2.56%.

Particulars	Wireless	Wireline	Total	Wireless	Wireline	Total
	(As on March 31, 2024)			(As on March 31, 2023)		
Broadband Subscribers (Million)	**884.01**	**40.06**	**924.07**	**813.08**	**33.49**	**846.57**
Urban Telephone Subscribers (Million)	**634.47**	**30.92**	**665.38**	**627.54**	**26.16**	**653.71**
Net Addition in March, 2024 (Million)	(1.64)	0.62	(1.02)	1.18	0.37	1.54
Monthly Growth Rate (%)	(0.26)	2.06	(0.15)	0.19	1.42	0.24
Rural Telephone Subscribers (Million)	531.02	2.88	533.9	516.38	2.25	518.63
Net Addition in March, 2024 (Million)	2.49	0.06	2.55	0.79	0.073	0.86
Monthly Growth Rate (%)	0.47	2.21	0.48	0.15	3.38	0.17
Total Telephone Subscribers (Million)	**1,165.49**	**33.79**	**1,199.28**	**1,143.93**	**28.41**	**1,172.34**
Net Addition in March, 2024 (Million)	0.85	0.69	1.54	1.96	0.44	2.4
Monthly Growth Rate (%)	0.07	2.07	0.13	0.17	1.58	0.21
Overall Tele-density (%)	**83.27**	**2.41**	**85.69**	**82.46**	**2.05**	**84.51**
Urban Tele-density (%)	127.51	6.21	133.72	128.45	5.36	133.81
Rural Tele-density (%)	58.87	0.32	59.19	57.46	0.25	57.71
Share of Urban Subscribers (%)	**54.44**	**91.49**	**55.48**	**54.86**	**92.09**	**55.76**
Share of Rural Subscribers (%)	**45.56**	**8.51**	**44.52**	**45.14**	**7.91**	**44.24**

Source: TRAI Press Release, TRAI Annual Report 2023-24

Key Growth Drivers for 2024

The Indian telecom sector is poised for significant growth in 2024, driven by several key factors:

Advancements in 5G Technology

India's 5G network is rapidly expanding, with over 397,000 5G BTS sites across more than 717 districts as of 2024. This offers ultra-fast speeds, low latency, and high capacity, driving innovation across various industries.

Broadband Connectivity

Advancements in terrestrial wireline, terrestrial wireless and satellite technologies are increasing broadband availability. This is expected to significantly enhance internet access for consumers in 2024, supporting economic growth and digital transformation.

IoT Ecosystem

The Internet of Things (IoT) is expanding in sectors like healthcare, manufacturing, and urban infrastructure. This growth requires robust telecom infrastructure and advanced semiconductor technology, enhancing efficiency and productivity across industries.

Domestic Manufacturing

The Indian government is boosting domestic manufacturing with incentives to increase production and reduce imports. This initiative aims to enhance employment, capital investment, and import substitution, promoting self-reliance in the telecom sector.

Artificial Intelligence and Edge Computing

The adoption of AI and edge computing technologies in the telecom industry is growing. AI-driven solutions optimise network performance and customer service, while edge computing improves data processing efficiency, driving further innovation.

Cybersecurity

Investments in sophisticated cybersecurity measures are increasing, focusing on safeguarding networks and customer data. As digitisation expands, ensuring robust cybersecurity is essential for maintaining trust and protecting sensitive information.

Localised Content and Services

Telecom operators are prioritising localised content and services, tailoring offerings to regional preferences to enhance user engagement and satisfaction. This approach meets the diverse needs of the customer base and improves the user experience.

Sustainable Practices

Telecom companies are adopting green practices, utilising renewable energy, and optimising energy consumption to reduce their carbon footprint. These sustainable efforts align with global environmental goals and enhance corporate responsibility.

Government's Support Driving Growth in Telecom Sector

In line with India's vision of an 'Atmanirbhar Bharat', the Production Linked Incentive (PLI) Scheme for Telecom and Networking Products has significantly advanced the sector. Over three years, the scheme has attracted over ₹3,400 crores in investments and enabled the production of telecom equipment valued at over ₹50,000 crores, with exports reaching approximately ₹10,500 crores.

Key Highlights

- Industry Growth: The telecom equipment manufacturing sector has seen exceptional growth, with sales by PLI beneficiary companies increasing by 370% compared to FY20.
- Job Creation: The PLI scheme has not only fostered economic growth but also created over 17,800 direct jobs across manufacturing and R&D, contributing to overall employment in the sector.
- Reduced Import Dependency: The scheme has facilitated a 60% reduction in import dependency, with India becoming self-reliant in critical telecom components such as Antennae, GPON (Gigabit Passive Optical Network), and CPE (Customer Premises Equipment).
- Global Competitiveness: Indian manufacturers are increasingly competing globally, offering high-quality products at competitive prices. The production of 5G equipment has further extended India's reach into international markets, including North America and Europe.

Source: Ministry of Communication (PIB)

Optical Fiber Cable Industry

India's Optical Fiber Cable (OFC) and accessories market is poised for substantial growth, driven by strategic government initiatives and rising demand for advanced broadband connectivity. The market forms a key part of the $16.1 billion Total Addressable Market (TAM) for OFC and accessories projected from FY23 to FY30.

$16.1 billion

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

Growth Drivers

- **Increased Demand for High-Speed Connectivity:** The growing uptake of Fiber to the Home (FTTH) services, coupled with substantial investments in 4G and 5G network expansions by major telecom players such as BSNL, is driving a heightened demand for high-capacity OFC networks and accessories. The surge in high-speed data requirements and increased bandwidth needs are accelerating the fiberisation of telecom towers, which, in turn, supports the broader OFC infrastructure. Additionally, technological advancements are addressing challenges such as high installation costs and competition from wireless systems, further boosting the market.
- **Government Initiatives:** Programmes such as Digital India and the Smart Cities Mission are central to enhancing internet penetration and driving OFC deployment. The Indian Government's focus on expanding optical fiber infrastructure underscores its commitment to improving digital connectivity nationwide.
- **BharatNet Phase III Programme:** The BharatNet Phase III initiative aims to extend broadband access to rural and underserved regions through the deployment of around 6 lakhs kilometres of optical fiber cable. This significant investment, involving tenders worth ₹65,000 crores for capital expenditure and ₹40,000 crores for operational costs, is a major catalyst for market growth.
- **Infrastructure Development:** The National Highways Authority of India (NHAI) plans substantial investment in developing dedicated Right-of-Way (RoW) for OFC along highways, further supporting infrastructure expansion and network connectivity.

Highlights of the Budget FY24-25

Telecom Industry

- **Increased Allocation:** The Department of Telecommunication (DoT) has been allocated ₹1,11,915 crores in FY25, reflecting a 14% increase compared to the revised estimates for FY24. Of this total allocation, 79% is earmarked for supporting BSNL and MTNL. This allocation represents 2.3% of the total Central Government budget for the year.
- **Universal Service Obligation Fund (USOF):** An additional ₹17,000 crores has been allocated from the USOF balances. This fund will support various schemes under the USOF, including compensation to telecom service providers and the expansion of BharatNet, which aims to improve telecom and broadband connectivity across rural India.
- **BharatNet:** In the budgeted estimate of FY25, the allocation for the BharatNet project has been increased to ₹8,500 crores, up 70% from the revised estimate of ₹5,000 crores for FY24. This boost aims to enhance telecom and broadband services in rural areas, supporting digital inclusion and rural development. Bharat Sanchar Nigam Limited (BSNL) has enhanced the requirement to include village last-mile connectivity, which was earlier limited to the middle-mile network. This strategic increase underscores a commitment to strengthening optical fiber infrastructure, with funding sourced from the USOF.
- **Domestic Industry Incentivisation Scheme:** Among various DoT projects, ₹1,910.80 crores has been allocated to the domestic industry incentivisation scheme, which is four times the amount from the previous budget. This substantial increase is intended to boost the domestic telecom industry by encouraging local manufacturing and innovation.
- **Production Linked Incentive (PLI) Scheme:** The PLI Scheme has received ₹8,500 crores, an increase of ₹3,500 crores from the previous budget. This funding is aimed at promoting the Government's Make-In-India policy, increasing capital investment, and supporting import substitution within the telecom sector.
- **Centre for Development of Telematics:** The Centre for Development of Telematics has been allocated ₹500 crores to support research and development in telecommunications technology, contributing to the sector's innovation and growth.

Defence Sector

The Indian Defence sector, recognised as the world's fourth-largest armed force is poised for significant transformation. The Government has identified the Defence and Aerospace sectors as key focus areas for the 'Aatmanirbhar Bharat' (Self-Reliant India) initiative. This strategy aims to enhance indigenous manufacturing capabilities and strengthen the robust research and development ecosystem.

Modernisation and Localisation of Defence Equipment and Infrastructure

India is accelerating the modernisation of its Defence networks and systems while significantly boosting local manufacturers. The capital expenditure for Defence was $19.0 billion in FY23 and is set to reach $40.2 billion by FY30. In FY24, a record 75% of the Defence capital procurement budget was allocated to domestic industry, up from 68% in FY23. The Government plans to cut import dependency from 65% by FY28 to 30% by FY32, supported by initiatives like Aatmanirbhar Bharat and Make in India. Furthermore, the Government of India has identified 310 items to be manufactured indigenously, reinforcing its commitment to enhancing local manufacturing capabilities and achieving self-reliance in Defence.

The Ministry of Defence aims to achieve a turnover of ₹1.75 lakhs crores in aerospace and defence manufacturing by 2025, with exports accounting for ₹35,000 crores. As of April 2023, 606 industrial licenses have been issued to 369 companies in the defence sector. The list of defence products requiring industrial licenses has been streamlined, and most parts or components now do not require an industrial license. The initial validity period for granted industrial licenses has been extended from 3 years to 15 years, with the possibility of an additional 3-year extension on a case-by-case basis.

Growth Drivers

Policy and Initiatives

To bolster the domestic defence industry, the Government is committed to ensuring transparency, predictability, and ease of doing business through a robust ecosystem and supportive policies. Significant measures include de-licensing, deregulation, export promotion, and liberalisation of foreign investment. The Department of Military Affairs (DMA) has introduced four Positive Indigenisation Lists comprising 411 military items. Additionally, foreign direct investment (FDI) in the defence sector has been enhanced to 74% via the Automatic Route and 100% through the Government Route.

Industrial Corridors and Innovation

The Government has announced the establishment of two dedicated Defence Industrial Corridors in Tamil Nadu and Uttar Pradesh. These corridors are designed to serve as clusters for defence manufacturing, leveraging existing infrastructure and human capital. These corridors have collectively signed 108 memorandums of understanding (MoUs) with various industries, representing investments totalling $24.45 billion.

To further encourage innovation within the Defence and Aerospace ecosystem, the Government supports initiatives such as Innovations for Defence Excellence (iDEX) and the Defence Testing Infrastructure Scheme (DTIS). These efforts collectively aim to enhance India's defence manufacturing capabilities and promote self-reliance in the sector.

Promotion of Indigenous Design and Development of Defence Equipment

A new category of capital procurement, 'Buy {Indian-IDDM (Indigenously Designed, Developed, and Manufactured)},' has been introduced in the Defence Procurement Procedure (DPP) 2016. This initiative aims to promote the indigenous design and development of defence equipment.

Highlights of the Budget FY25

Defence Sector

- Ministry of Defence Allocation: The Ministry of Defence has been allocated ₹6.22 lakhs crores, the highest among all ministries, reflecting a 4.79% increase from FY24.
- Capital Expenditure: A significant increase of 20.33% from FY23 and 9.40% from FY24 has been earmarked for capital acquisitions, totalling ₹1.72 lakhs crores.
- Operational Readiness: To enhance operational capabilities, ₹92,088 crores has been allocated, representing a 48% rise from FY23.
- Defence Pensions: The Budget for defence pensions has been raised to ₹1.41 lakhs crores, with an additional ₹6,968 crores designated for the Ex-Servicemen Contributory Health Scheme (ECHS).
- Border Roads Development: An allocation of ₹6,500 crores is aimed at improving border infrastructure, a 30% increase from FY24.
- Coastal Security: Enhancements to coastal security are supported by a budget of ₹7,651 crores.
- iDEX Funding: The iDEX (Innovations for Defence Excellence) scheme receives ₹518 crores, up from ₹115 crores in FY24. This initiative fosters innovation by involving start-ups, MSMEs, and innovators to develop cutting-edge defence technologies.

Indian Railway Telecommunication Sector

The Indian Railways' telecommunication network is integral to its operations, providing critical support for both signalling and communication. The comprehensive coverage of the optical fiber network facilitates robust and efficient train operations, enhancing safety and coordination across the rail system.

Signalling and Communication

Indian Railways employs a variety of signalling technologies to manage train operations effectively, including automatic block signalling, absolute block signalling, and intermediate block signalling. These systems are complemented by track circuiting and block proving axle counters, which enable automated train detection and contribute to the overall safety and efficiency of rail operations. This sophisticated signalling and communication infrastructure is vital for maintaining the smooth and secure movement of trains throughout India's extensive railway network.

Network

Indian Railways operates a vast telecommunication infrastructure network, including optical fiber cables (OFCs), essential for its operational efficiency and service delivery to passengers and freight customers. The Indian Railways' pan-India optical fiber network spans over 61,000 km of OFC routes, reaching 70% of the country's population. This vast network comprises more than 11,000 points of presence (POPs) and over 21,000 route kilometres of access network, ensuring widespread connectivity and reliable communication across the nation.

Highlights of the Budget FY25

Indian Railway Telecommunication Sector

- **Capital Expenditure:** Indian Railways has been allocated ₹2.65 trillion, representing a marginal increase of 2% compared to the revised estimates (RE) of the previous budget.
- **New Corridors:** The Budget includes the development of three major economic railway corridor programs. These focus on energy, mineral and cement corridors, port connectivity, and high traffic density corridors. These projects are part of the PM Gati Shakti plan to enhance logistics efficiency and reduce costs.
- **Vande Bharat Coaches:** The Budget outlines plan to convert 40,000 normal rail coaches to Vande Bharat standards. This upgrade, costing around ₹15,000 crores, improving safety, convenience and comfort for passengers and is expected to take five years to implement.

Business Performance Review

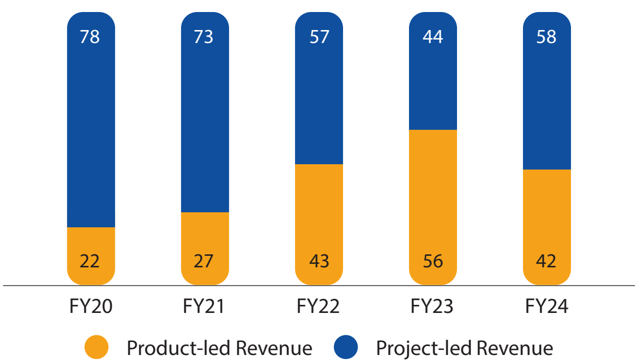
Strategic Expansion in National Capital Region for Manufacturing Excellence

HFCL has set up a state-of-the-art facility in the National Capital Region (NCR) dedicated to the manufacturing of Telecom and Networking products. This initiative marks a significant step in HFCL's ongoing efforts to expand its production capabilities and enhance its presence in the telecom and networking sector. With a projected Cumulative Total Addressable Market (TAM) of approximately $614 billion USD by FY30, both globally and within India, HFCL is strategically positioned to capitalise on the burgeoning demand in this sector. Setting its sights high, the Company aims to target revenues of around ₹2,000 crores in the FY25, a substantial leap from the ₹143 crores generated in FY24 through its existing Telecom and Networking product portfolio. Furthermore, HFCL stands to benefit significantly from Production Linked Incentive (PLI) schemes by engaging in the manufacturing of these products.

Transformation of Revenue Mix

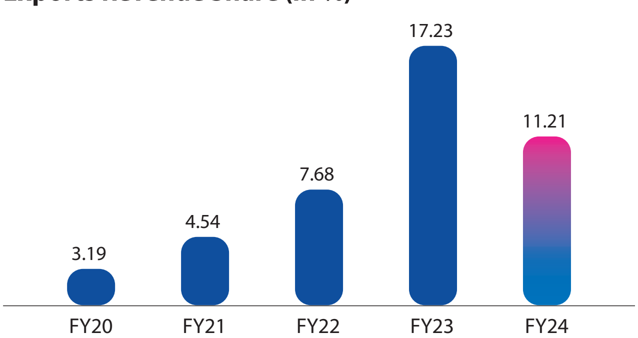
Transition from Project-driven to Product-centric Revenue: Shifting towards a higher proportion of product revenue, from different verticals, such as, Optic Fiber Cables & Passive connectivity solutions, Telecom & Networking Products and Defence Products, is poised to ensure sustainable growing revenues, streamline working capital needs and foster margin expansion.

Shift towards Product-led Revenue (in %)



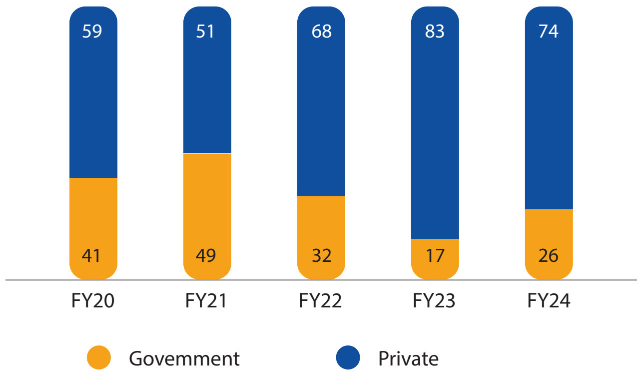
Enhanced Emphasis on Export-oriented Revenue: By tapping into the robust global demand, there's a strategic push towards bolstering revenue from exports, aiming for increased market penetration and growth.

Exports Revenue Share (in %)



Ramped-up Engagement with Private Entities: Aligning with market trends, there's a concerted effort to augment business from private entities, leveraging emerging demands and market opportunities.

Revenue Share from Private Customers (in %)



Optical Fiber Cable and Optical Fiber

Presently, Global optical fiber cable (OFC) market is going through a relatively slowdown phase. Geopolitical situation throughout the world and its impact on important aspects of business i.e. cost of raising capital, cost of logistics, large inventory built with operators and delay in major government funded programs have resulted in this temporary slowdown. Global operators have delayed their plans of expansion waiting for the situation to get better.

However, with the increasing need for high-speed internet and the widespread expansion of Fiber to the Home (FTTH) networks, driven by heightened data traffic from remote work and online transactions, the demand for OFC is expected to recover in FY25. In India, the demand for OFC is expected driven by several key factors: the rollout of 5G networks, the expansion of 4G infrastructure, BharatNet Phase- III programme of the Government of India, extensive laying of OFC along National Highways, and the hyper-scaling of data centres.

HFCL has taken steps to offset this slowdown by increasing its business and market share from Passive Connectivity Solutions for optical fiber cable networks. This is a global market opportunity worth $6-8 billion. Explosion of data centres around the world will further contribute to expansion

of this market. HFCL is concentrating its resources to increase its penetration in Passive Connectivity Solutions market both for telcos and data centre segments. HFCL expects revenue of ₹250 crores in Passive Connectivity Solution business in the current financial year showing substantial increase from last financial year's revenue of ₹66 crores from this segment. Looking at its growth potential, HFCL expects to grow this business to ₹750 crores in next 3 years. HFCL has also channelised its R&D resources to develop several types of new optical fiber cables including tactical cable for defence requirements. These initiatives coupled with upcoming BharatNet Phase III Project will lead to substantial market opportunity for HFCL.

Amid this dynamic industry environment, HFCL's growth is driven by three key factors: significant investments in research and development, backward integration through capacity expansion, and an enhanced national and international presence. These strategies have strengthened the Company's revenue mix, product offerings, geographical reach, and customer base, ensuring sustainable growth.

Quality Compliance and Certifications

HFCL's Hyderabad Fiber Plant has achieved new certifications, including ISO 10002:2018 for Customer Satisfaction & Complaints Management and ISO/IEC 27701:2019 for Privacy Information Management System.

HFCL has secured fire rating and CE/UKCA compliance for various cable products, further strengthening its position in the UK and European markets. The testing facility at the Goa Plant has achieved Test Data Acceptance Programme (TDAP) certification from the VDE Institute, Germany, and the Company has upgraded its Business Continuity Management System (BCMS) to ISO 22301:2019 standards. In addition, the testing facilities at both the Goa and Hyderabad Plants received NABL accreditation for Optical Fiber and Optical Fiber Cable testing.

HFCL's optical fiber products have received the GR-20 Telcordia certification, a crucial approval for selling products in the North American market. This certification, awarded by Ericsson Network Infrastructure Solutions (NIS), showcases that the Company's products meet rigorous international standards and testing requirements and a testament to its commitment to innovation and excellence.

The Fiber Plant had also received the Frost & Sullivan's Indian Manufacturing Excellence Award – Silver Merit Award, recognising its operational excellence.

Phased Expansion of OF and OFC Capacity

Looking ahead, HFCL is expanding its optical fiber capacity from 14 million fkm to 33.9 million fkm per annum in a phased manner. The ongoing construction work is progressing well, with the first phase of this expansion, increasing capacity to 28.30 million fkm, expected to be commissioned by Q4 FY25. The balance targeted capacity is likely to be commissioned by Q4 FY26.

The Company also devised a plan to expand its optical fiber cable production capacity from 25 million fkm to 38.25 million fkm in a phased manner, with completion expected by FY27. The Goa Plant also upgraded its machinery and support systems to enhance capacity and productivity.

Growing International Presence in Europe

To meet the rising demand for optical fiber cables in European markets such as the UK, Germany, Belgium, France, and Poland, the Company has already established subsidiaries in the UK, the Netherlands and Poland. Demand in the EU region is anticipated to increase substantially, with projections estimating that 308 million homes will have Fiber to the Home (FTTH) connectivity by 2028. This growing demand will require a rapid acceleration of deployment efforts to fulfill market needs. The revenue share of exports is projected to increase from 11.21% in FY24 to a targeted 40% by FY27.

Product Innovation

Continuing its pursuit of innovation, HFCL has developed ultra-thin micro cables and pioneering high-density ultra-light aerial cables. The Company has also developed newer types of optical fiber cables for overseas markets, required for data centres, 5G & 6G networks, and is seeking patents for newly developed optical fiber cable technologies.

HFCL also introduced a suite of new high-performance cable solutions at ISE EXPO 2024 in Dallas, Texas, USA., HFCL introduced a product line of high-density single-jacket single-armor Intermittently Bonded Ribbon (IBR) cables with 144-1728 fibers, a development which was recognized with the presentation of an ISE Innovators Award. HFCL expanded its award-winning Nano Thin product line of loose tube microcables to add a 10.6mm diameter 864 fiber cable.

Telecom Networking Products and Turnkey Solutions

Our comprehensive, new cutting-edge products such as the first Indian IPR owned and Made-in-India 5G Fixed Wireless Access Customer Premises Equipment, Unlicensed Band Backhaul Radios, Switches, IP/MPLS Routers, open-source Wi-Fi 7 Access Points, next generation optical fiber and optical fiber cables among others, will drive sustainable and profitable growth.

The demand for our designed communication equipment has also shown strong growth. We are witnessing strong demand for 5G Fixed Wireless Access Customer Premises Equipment (FWA CPE) which presents an important use case for enhanced revenue from 5G networks. HFCL has developed various Made-in-India FWA CPE variants to meet diverse country-specific needs, positioning it to supply both to domestic and international markets. HFCL has already received an order worth ₹623 crores of this equipment.

HFCL has made remarkable advancements in wireless technology by designing new generation Point to Point Unlicensed Band Backhaul Radios. HFCL has developed radios that can transmit data much faster than traditional methods in unlicensed frequencies, reaching speed of up to 2 Gbps already, with plans to hit 4 Gbps soon. These systems can maintain speed over distances ranging from 10 kilometres to 35 kilometres.

HFCL's UBRs are also more affordable compared to competing technologies like E-band radios and traditional microwave radios, making them a product of choice for telecom operators for backhauling their traffic of 4G and 5G networks. These radios are also being used extensively for highly reliable enterprise connectivity. Our UBRs have tackled the challenge of interference in unlicensed bands with smart algorithms that cancel out noise, ensuring that mobile calls and data stay clear even in noisy wireless environments. Apart from being of lower cost, our UBRs also save significant spectrum cost for telecom operators by operating over long distances at significantly high data rates in unlicenced bands.

HFCL has become the largest supplier of UBR products in India and one of the prominent global suppliers, having delivered over 500,000 units globally. HFCL now dominates over 70% of the UBR market in India. Major private telecom companies have already installed over 100,000 radios in just last one year to handle their 5G network traffic. BSNL has also placed order for 30,000 of these radios on HFCL to backhaul their 4G network traffic. The radios are currently under installation.

With HFCL's innovations in UBRs, the telecom operators, are able to provide high-speed, reliable wireless connectivity at lower capex and opex. HFCL expects large opportunities from this product in near future. HFCL is now also developing Point to Multipoint UBRs which will have even higher market opportunity globally.

The Company also expanded its network of channel partners for these products, growing its customer base to over 100 and extending operations to more than 10 countries. The Company directed its sales efforts towards emerging markets like Europe, the Middle East, and Africa, demonstrating industry leadership by offering TIP OpenWiFi and Open roaming compliant solutions.

With the introduction of new products and markets, our revenue from Telecom Equipment Segment is expected to rise substantially. We expect the revenue from this segment during FY25 to reach approximately ₹2,000 crores from ₹143 crores in FY24.

We strongly believe that our investment in R&D leading to innovative telecom products coupled with global expansion will reap dividends in near future.

In line with the Government of India’s 5G deployment and digital transformation goals, HFCL is advancing new technologies such as 5G Fixed Wireless Access (FWA) CPEs, advanced transport network routers, and Wi-Fi 7 Access Points. The Company’s strategic partnerships with technology leaders such as Qualcomm, Broadcom and Microchip highlight its dedication to innovation.

BharatNet is one of the most anticipated opportunities under which BSNL has already floated approximately ₹65,000 crores tender for capex to be incurred in next 3 years followed by additional O&M opportunity worth approximately ₹40,000 crores over a period of 10 years. The entire funding of this project is being provided by the Government of India from Universal Service Obligation Fund. The BharatNet Phase III Project tender presents a huge opportunity to HFCL as it will strengthen the demand for optical fiber cables, telecom and networking products, system integration services, and annuity revenue through O&M all of which are in alignment with HFCL’s core strengths. HFCL is uniquely positioned to offer end-to-end solutions that meet BharatNet's stringent requirements. We foresee good prospects for us given our vertically and horizontally integrated manufacturing capabilities in optical fiber cables, its accessories, telecom equipment coupled with vast experience of laying more than 2 lakhs kilometres Optical Fiber Cable for various telecom operators. We are optimistically looking forward to securing a substantial pie of this opportunity.

The Indian Government's strong emphasis on enhancing communication networks across various sectors including telecom, railways and defence has spurred demand for HFCL's offerings. Over the years, the Company has established a strong position in these sectors through excellence project execution and advancing its product offerings to meet these evolving needs.

5G Business Unit

HFCL is leveraging the strong potential of 5G by introducing innovative products and solutions. The Company's collaboration with Microsoft to introduce private 5G solutions for enterprises showcases its commitment to driving the next generation of communication. Through this partnership the Company aims to support industrial transformation with high-speed, low-latency and secure 5G networks solutions.

With upcoming product launches, the Company is positioning itself as a frontrunner in the 5G revolution. With a projected total addressable market (TAM) of approximately US$ 600 billion by FY30 for such products worldwide, HFCL's strategic initiatives are well-aligned with the rapidly evolving global landscape.

HFCL’s 5G business unit caters to the needs of communication service providers, enterprises, and industry verticals in Indian and global markets. The primary focus of the 5G Business includes products, global system integration services, and fostering innovation.

HFCL's comprehensive portfolio of 5G products and services across various segments, are:

FWA CPE products

HFCL has developed India's first indigenous 5G FWA CPE solution, that supports both 5G standalone architecture (SA) and non-standalone architecture (NSA) technologies. The comprehensive portfolio of 5G FWA CPE products support multiple Sub-6 GHz and mm Wave (millimetre wave) frequency bands to offer cost-effective and fiber-like speeds to customers both in India as well as globally.

Pioneering innovative and locally developed technology products, HFCL's portfolio of Indoor and Outdoor 5G FWA CPE products will accelerate internet broadband penetration in urban, rural areas across India, and help bridge the last-mile connectivity challenges in India and other key global markets.

The Company's 5G FWA CPE products are plug-and-play devices, lightweight, compact in size, have minimum power consumption and have built in automation features for ease of deployment and operations. HFCL has already received an order worth ₹623 crores of this equipment.

5G RAN Products

The 5G RAN products adhere to open standards such as ORAN (Open RAN) and comply with 3GPP's Release 16 to meet global market demands. Designed with security as a fundamental aspect, these products facilitate autonomous operations and enhance customer experiences. Additionally, they offer flexibility to coexist with 4G LTE networks through dynamic spectrum sharing (DSS), allowing network operators to capitalise on their existing infrastructure while deploying 5G services.

The 5G RAN portfolio includes the following products:

- **Macro RU (8T8R):** An open-RAN based disaggregated 5G radio unit compliant with ORAN specifications 7.2 split option, serving as a dual carrier macro cell RU.
- **All-in-One Indoor Small Cell (2T2R):** Designed to provide high-quality, secure cellular indoor coverage, needed to address the needs of 5G Private networks for enterprises and various vertical market segments that include Manufacturing (Industry 4.0), Ports, Mining, Retail, and Healthcare.
- **All-in-One Outdoor Small Cell (4T4R):** Tailored to deliver high-quality, secure outdoor cellular coverage, complementing macro networks to extend coverage.

5G Transport Products

The modernisation of transport networks for 5G is essential due to increased bandwidth per cell site, densification of cell sites, and stringent latency requirements. HFCL's portfolio of 5G transport products facilitates this transformation, leveraging merchant silicon, network disaggregation, and open standards like TIP (Telecom Infra Project) and Open Compute Project (OCP).

HFCL's transport portfolio of IP/MPLS Router family include 56 Gbps Router, 82 Gbps Router, 360 Gbps Router, and 800 Gbps Router. These routers support various physical interfaces that include 1G, 10G, 25G, 40G, 50G and 100G. They support hot swappable fans and how swappable power supply unit for ease of maintenance and operations. These routers are typically used as Access Routers, Pre Aggregation Routers and Aggregation Routers for a 5G transport network.

Enterprise Routers

These routers also serve the needs of enterprises for aggregating enterprise traffic and providing bandwidth delivery solutions for residential and enterprise customers.

Global System Integration Services

Global system integration services are a vital aspect of HFCL's strategy, aiming to be a strategic partner to Communication Service Providers and Enterprise customers, accelerating the adoption of 5G and facilitating their digital transformation journey. The Company offers a focused set of Digital Engineering Services at the convergence of network and IT, which include:

5G integration services: HFCL provides end-to-end integration services for 5G, virtualised radio access networks (vRANs), and O-RAN solutions. These services encompass network design and planning, installation, integration, commissioning, and optimisation.

5G lab-as-a-service: HFCL offers 5G lab services for testing multi-vendor/multi-device 5G vRAN/O-RAN deployments, interoperability, IoT device and application testing.

5G private networks: The Company delivers managed services for 5G private networks and industry-specific solutions for vertical markets such as manufacturing, defence, railways, smart cities, security, and surveillance.

5G autonomous network operations: HFCL enables autonomous network operations through data, analytics, and AI, enhancing network operations, service management, customer care, and overall customer experience.

Innovation in 5G and 6G is a key focus for HFCL. The Company is a member of TIP, and TSDSI, contributing to standards that ensure an open and multi-vendor RAN network. HFCL invests in technology creation, research, and standards contribution, with a strong focus on innovation in areas such as RF front end, antenna design, autonomous operations of 5G networks, cloud-native architecture, edge computing, security, and energy efficiency.

HFCL collaborates closely with leading academic and research institutes in India and invests in 6G research to explore various aspects like new waveforms, integrated sensing and communication, energy efficiency, and design considerations for new use cases

Defence

In the defence communication segment, HFCL has made significant strides with major projects from the Indian armed forces. This includes building dedicated multi-protocol label switching (MPLS) network, hybrid microwave broadband radio links, nationwide dense wave length – division multiplexing based optical transmission backbone network and integrating GSM based fiber monitoring and management system for the armed forces, valued at approximately ₹8,100 crores.

In defence electronics, HFCL has developed products such as, electronic fuzes, thermal weapon sights (TWS) for assault rifles, light machine guns and rocket launchers, ground and coastal surveillance radars for various range and applications, thermal imaging core (TI Core), high-capacity radio relays with revenue expected from FY26 onwards.

HFCL has participated in tenders for thermal weapon sights for light machine guns and rocket launchers with indigenously developed products, currently in various stages of trials. The Company's indigenously developed electronic fuzes for artillery ammunition are undergoing testing, with complete intellectual property rights residing with HFCL and 80% indigenisation in line with the Atmanirbhar Bharat Abhiyaan. HFCL has already started receiving enquiries from several countries and discussions are underway for export of these fuzes. We are confident to build sizeable order book of export for electronic fuzes during the current fiscal year.

HFCL is also one of the shortlisted vendors in the Make-II programme of the Indian Army for upgrading armaments of BMP 2/2K, having successfully cleared prototype trials.

Indian Railway Telecommunication

HFCL plays a pivotal role in the modernisation of railway communication systems, covering various aspects such as Metros, Main-line railways, and Dedicated Freight Corridors, under the purview of Indian Railways' signalling and telecommunication infrastructure upgrade initiatives.

In the railway communication domain, HFCL is actively involved in deploying advanced telecom networks for seven greenfield dedicated freight corridor projects for Indian Railways. The Company's diverse portfolio is driving the development of next-generation telecom products and technology solutions, aimed at elevating communication systems for metros and mainline railways alike.

Through strategic collaborations both domestically and internationally, HFCL integrates communication networks

for major projects such as the Kanpur-Agra Metro, Mauritius LRT Metro, Dhaka Metro, Surat Metro, and Delhi Metro rail projects. Furthermore, HFCL is implementing video management systems at approximately 750 railway stations, significantly enhancing rail safety and security through technological advancements.

With its extensive expertise in system integration as well its own in-house products like Wi-Fi, Switches and Routers along with OFC, HFCL is well-positioned to capitalise on substantial opportunities in the coming years. The Company is particularly focused on greenfield projects and metro expansions across India and selected foreign markets, aligning with its strategic objectives for growth and development.

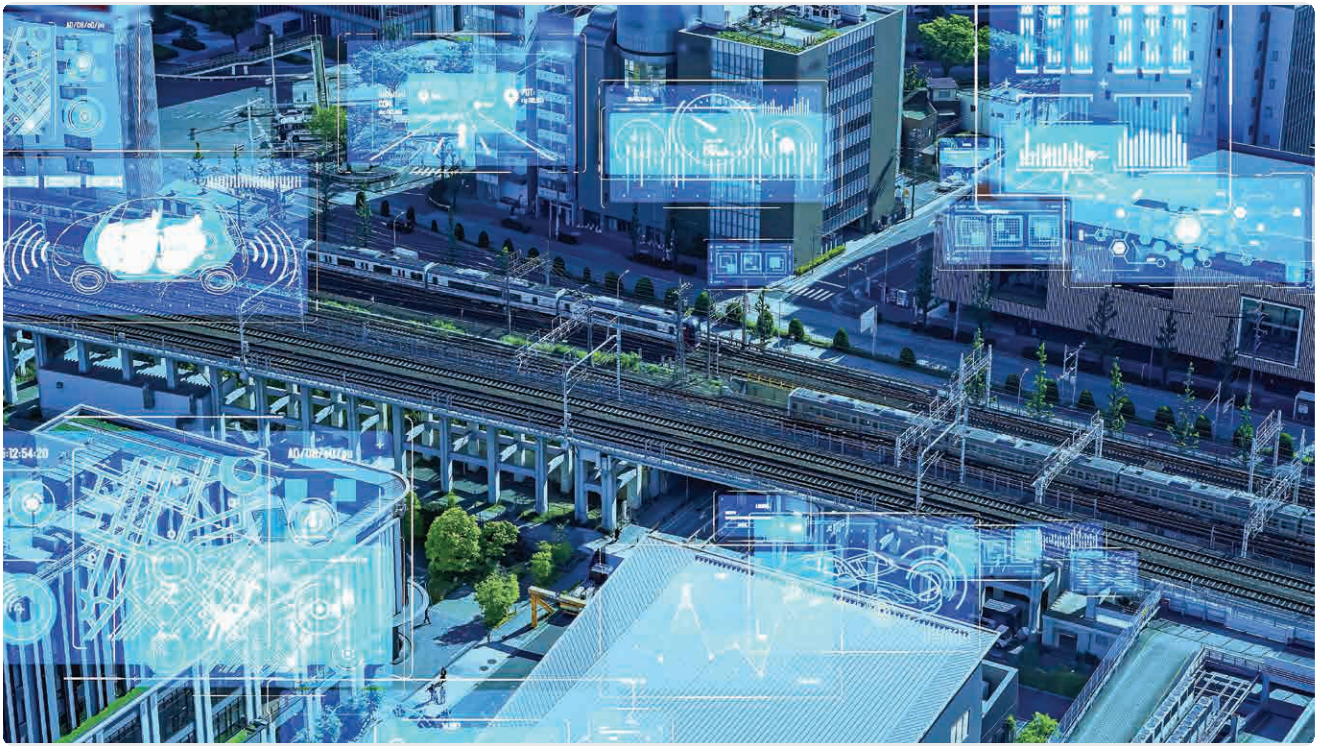
FINANCIAL REVIEW (CONSOLIDATED)

Revenue from Operations

The Company recorded a revenue from operations of ₹4,465.05 crores in FY24, showing a slight decrease from ₹4,743.31 crores in FY23.

Other Income

The Other income witnessed a significant increase, reaching ₹100.59 crores in FY24 from ₹47.18 crores in FY23. This rise in other income is mainly due to one of the arbitration verdict given in favour of the Company. This contributed positively to the total income.



Total Income

The total income for FY24 stood at ₹4,565.64 crores, slightly down from ₹4,790.49 crores in FY23. This decline is primarily due to a drop in revenue from the OFC vertical, though it has been partially offset by an increase in revenue from other verticals.

Total Expenses

The total expenses in FY24 amounted to ₹3,883.51 crores, compared to ₹4,124.63 crores in FY23. The decrease in expenses aligns with the reduced revenue, indicating effective cost management.

EBITDA and EBITDA Margin

Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA) for FY24 was ₹682.13 crores, up from ₹665.86 crores in FY23. The EBITDA margin improved to 15.28% in FY24 from 14.04% in FY23, indicating better operational efficiency.

Depreciation and Finance Cost

Depreciation expenses slightly decreased to ₹81.76 crores in FY24 from ₹82.97 crores in FY23, while finance costs slightly reduced to ₹147.28 crores in FY24 from ₹152.19 crores in FY23, reflecting improved financial health and lower interest expenses.

Share of Net Profits/Loss of JV's

The share of net profits from joint ventures accounted using the equity method stood at ₹0.93 crores in FY24, a positive shift from a loss of ₹0.09 crores in FY23.

Profit before Tax (PBT) and PBT Margin

Profit before Tax (PBT) for FY24 was ₹454.02 crores, up from ₹430.61 crores in FY23. The PBT margin improved to 10.17% in FY24 from 9.08% in FY23, showing better profitability before tax.

Tax and Profit after Tax (PAT)

Tax expenses were ₹116.50 crores in FY24, compared to ₹112.90 crores in FY23. Profit after Tax (PAT) increased to ₹337.52 crores in FY24 from ₹317.71 crores in FY23. The PAT margin also improved to 7.56% in FY24 from 6.70% in FY23.

Other Comprehensive Income and Total Comprehensive Income

Other Comprehensive Income saw a significant rise to ₹129.60 crores in FY24 from ₹1.55 crores in FY23 on account of issue of bonus equity shares by Exicom Tele-Systems Limited and fair valuation of shares (including bonus shares) held by the Company in Exicom Tele-Systems Limited. Consequently, Total Comprehensive Income for FY24 was ₹467.12 crores, compared to ₹319.26 crores in FY23.

Earnings Per Share (EPS)

Earnings Per Share (EPS) for FY24 were ₹2.33, up from ₹2.18 in FY23, reflecting the overall financial performance and profitability of the Company.

Overall, the financial performance in FY24 reflects steady operations with improved profitability margins, effective cost management, and a significant rise in other income, despite a slight drop in revenue from operations. The Company also showed improved financial health through reduced finance costs and increased other comprehensive income.

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 FY24 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 ₹3,999.83 crores from ₹3,144.14 crores in the previous year.

Debt

The Debt in FY24 stood at ₹977.26 crores against ₹748.31 crores in FY23.

Order book

The Company has a healthy consolidated order book of more than ₹7,600 crores as on March 31, 2024, providing clear visibility of earnings for the coming years. The order book comprises high-margin O&M contract orders worth ₹2,037 crores.

Capital Structure

Authorised Share Capital

As on March 31, 2024, the Authorised Share Capital of your Company stood at ₹760 crores (Rupees Seven Hundred Sixty crores only) divided into 510 crores (Five Hundred Ten crores) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crores (Rupees Five Hundred Ten crores only) and 2.50 crores (Two crores Fifty lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crores (Rupees Two Hundred Fifty crores only).

Paid-up Share Capital

As on March 31, 2024, the Paid-up Equity Share Capital of your Company stood at ₹144.10 crores comprising of 144,09,72,812 equity shares of face value of ₹1/- each.

Qualified Institutions Placement

In order to meet funding requirements of capital expenditure for capacity expansion of optic fiber and optic fiber cables by the Company or through its subsidiaries ('OFC Expansion'); funding expenditure towards research & development initiatives including acquisition of technologies; repayments/ pre-payments of short term borrowings availed from banks; funding working capital requirements and general corporate purposes, the Board of Directors of the Company at its meeting held on September 02, 2022 which was also approved by the Shareholders of the Company at its Annual General Meeting held on September 30, 2022, decided to raise funds up to ₹650 crores 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 August 28, 2023, 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 5,10,14,491 equity shares through QIP at a price of ₹69/- per equity share (including a premium of ₹68/- per equity share) aggregating to approximately ₹352 crores, on August 31, 2023.

Pursuant to the said allotment, the paid-up equity share capital of the Company increased from ₹137,77,58,321 divided into 137,77,58,321 equity shares of ₹1/- each to ₹142,87,72,812/- divided into 142,87,72,812 equity shares of ₹1/- each, as of August 31, 2023.

Out of the proceeds amounting to ₹342.69 crores (net of issue expenses), ₹269.23 crores were utilised up to June 30, 2024, as per the objects and purpose of the QIP issue.

Allotment of Equity Shares

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

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

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

Pursuant to the said allotments, the paid-up equity share capital of the Company increased from ₹142,87,72,812 divided into 142,87,72,812 equity shares of ₹1/- each to ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each, as of April 11, 2024.

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

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

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

Key Financial Ratios

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

Financial Ratios	FY24	FY23	Reason for Variations more than 25% during FY24
Debtors Turnover	1.77	1.98	-
Inventory Turnover	4.20	5.23	-
Interest Coverage	4.08	3.83	-
Current	2.08	1.91	-
Debt Equity	0.24	0.24	-
Operating Profit Margin (%)	15.28	14.04	-
Net Profit Margin (%)	7.56	6.70	-
Return on Net Worth (%)	9.45	10.66	-

Business Outlook

HFCL strides forward with a steadfast commitment, steering towards sustainable growth. This progression is powered by continuous capacity expansion, innovative product offerings driven by intensive R&D, robust system integration, a growing customer base, and an expanding global footprint. The escalating global demand for high-speed, secure communication networks further propels the Company's growth trajectory.

Embracing technological evolution, HFCL is transforming into a dynamic enterprise to drive innovation and develop cutting-edge solutions and products across telecommunications, railways, and defence sectors. The ultimate objective is to establish HFCL as a premier global leader with one of the world's largest Optical Fiber Cable capacities, offering products and solutions aligned with global standards.

By fortifying its inherent capabilities, HFCL is well-positioned to adeptly cater to communication and network needs worldwide, offering competitive pricing while reducing dependence on imports and seizing emerging opportunities from shifting global dynamics.

Several pivotal factors drive HFCL's ascent to greater heights of achievement and profitability. The expected increase in worldwide demand for OFC, coupled with the momentum behind Fiber-to-the-Home (FTTH) adoption, 5G deployment, 4G expansion, the BharatNet initiative, rapid expansion of data centres and growing exports, serve as formidable growth catalysts.

The Indian government's unwavering commitment to indigenous procurement of telecom and defence equipment, along with telecom operators' steadfast network expansion and upgrades, and policy support for design-led manufacturing under the PLI scheme, seamlessly align with HFCL's transformative growth strategy.

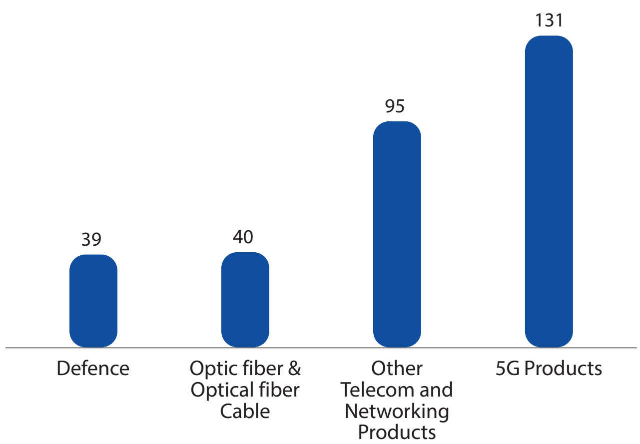
As HFCL embarks on this transformative journey, it remains aligned with the Prime Minister's vision to connect every gram panchayat and village through OFC, making affordable broadband connectivity a reality.

We are confident that our focussed efforts in increasing our product portfolio in telecom, Optical Fiber Cable, passive connectivity solutions & defence products, along with capacity expansion, backward integration, expansion of customer base, shift from project led revenue to product led revenue and entering new geographies, are set to drive revenue growth, margin expansion and optimum usage of working capital resources. We are upbeat about tapping opportunities ahead and look forward to a strong year with great optimism.

Research and Development (R&D)

HFCL stands as a technology-driven enterprise, placing a strong emphasis on research and development (R&D) to fuel innovation and technological progress at the forefront of its operations. Boasting a robust R&D team of 305 dedicated professionals spread across three centres in Bengaluru, Gurugram, and Hyderabad, HFCL is actively shaping the future of telecommunications.

Strengthened in-house R&D team



The Company's R&D endeavours have led to fruitful collaborations with renowned firms, fostering a culture of knowledge exchange and expertise sharing. With a strategic focus on 5G technology, HFCL has successfully developed a diverse portfolio of communication, defence, and 5G products, solidifying its position as an industry trailblazer.

Strong Technology Partners

Qualcomm

Licensing for Open source WI-FI 7 products; 5G millimeter wave FWA; product development; 5G Outdoor Small Cell etc.

Wipro

Partnership for 5G Transport Products

Capgemini engineering

Partnership for 5G Small Cells

NXP

Partnership for 5G Small Cells

VVDN Technologies

Design partner for Macro Radio, Wifi Access points, UBRs, Cloud management systems, Element management systems etc.

Metanoia

Partnership for 5G Small Cells

CommAgility / E-SPACE

Partnership for 5G Indoor small cells

Caprecomm

Partnership for Artificial Intelligence (AI) based Analytics

IP Infusion

Partnership for 5G Transport products

Nivetti Systems

Partnership for Switches

BigCat Wireless

Partnership for Software Defined Radios

Significant strides have been made with the establishment of cutting-edge R&D centres in Bengaluru, Hyderabad and Gurugram, pivotal in driving innovation in areas such as 5G, edge computing, and radio technologies. HFCL's R&D initiatives extend to the development of advanced optical fiber cables, showcasing the Company's comprehensive approach to technological advancement.

HFCL's investment in technology creation and research has not only enhanced its product offerings but also set new industry standards. With a focus on indigenous R&D capability, HFCL has strengthened its position as a key technology player, evidenced by its growing patent portfolio, including five patents granted for 5G Radio Access Network, with an additional 12 patent applications filed.

The establishment of a 5G Lab as a service, underscores HFCL's commitment to exploring and harnessing the capabilities of 5G across various applications. This dedication to staying ahead of the global technological curve is driven by continuous innovation and supported by a talented R&D team.

Aligned with Industry 4.0 principles, HFCL is strategically investing in innovative use cases leveraging the transformative potential of 5G technology. These efforts reflect the Company's overarching goal of not just keeping pace with technological advancements but actively shaping the future of industries through its R&D expertise. As HFCL progresses through FY25, its R&D endeavours remain the cornerstone of its commitment to technological excellence and innovation.

Digitisation

In 2021, we initiated our digital transformation journey with a clear vision to elevate the experiences of our customers, partners, shareholders, and employees by embracing future-ready technologies. Our primary focus was to standardise business processes and develop new ones across verticals, leveraging comprehensive Business Process Re-engineering (BPR) exercises. The outcome of this endeavour was the development of optimised business processes, and a Digital Transformation Roadmap aligned with our overarching business strategy.

Central to our digital transformation efforts was the reinforcement of our Digital Core through the implementation of the latest ERP solution. This serves as the foundation upon which we integrate best-of-breed solutions. Our digital transformation, integrated all business verticals into a unified enterprise architecture, enhancing data consistency and integrity. The standardised processes and single Chart of Accounts provided a cohesive framework, aligning with industry best practices. Implementing SAP S/4HANA on RISE, streamlined integration across systems, enabling seamless communication and data flow. The new architecture supported scalability and flexibility, accommodating future business needs and technological advancements. By fostering collaboration and innovation within the SAP ecosystem, our enterprise architecture was strengthened, ensuring long-term resilience and adaptability. Additionally, we developed an in-house Channel Sales & Distribution (CSD) portal tailored for our Telecom product distributors and channel partners. This portal empowers them to independently carry out various activities and reduces turnaround time through automated workflows.

Recognising the paramount importance of cybersecurity in our digital journey, we have initiated internal campaigns to raise awareness among our employees about cybersecurity threats and attacks. These efforts aim to equip our employees with the knowledge and skills to identify and mitigate potential risks.

Human Resource

Investing in Human Capital

FY24 marked a year of substantial investment in our human capital, aligning with our business strategy to expand our geographical footprint across all business areas. We prioritised building capabilities in technology, new product development, product line management (PLM), sales, and business development. Additionally, we enhanced our strengths in foundational functional areas to support mature processes and digital technology platforms for growth. We continued to strengthen our employee value proposition through new initiatives in employee engagement, career development, and employee care programs.

Recruitment and Onboarding

In FY24, we hired 318 new on-roll employees and 568 off-roll/fixed term employees to seize growth opportunities in both existing and new business areas, including Defence and Telecom Equipment Exports, and functions such as PLM. Notably, 20 senior-level employees joined in Defence, OFC-Passive Connectivity Solutions, PLM, and Sales. Sales leaders were recruited for key international markets in the USA, UK, and Germany. We also focused on nurturing engineering and management talent from the ground up, recruiting 14 graduates from top Indian institutes. Highly qualified technical personnel were hired for our HFCL 5G and Wi-Fi Centre of Excellence in Bengaluru, supporting our growth strategy in the communication and 5G industries.

In technology (R&D) and new product development, we expanded our teams in 5G, Wi-Fi communication, and Optical Fiber and Optical Fiber Cable units. To ensure technical and domain proficiency, we implemented mandatory technical and domain testing for all hires, alongside third-party background verification of employment, education credentials, and criminal records. As of March 31, 2024, HFCL employed 3,547 employees (both on-rolls and off-rolls), including 224 female employees. We are committed to equal employment opportunities in line with our DEI policy.

Employee Development

Ensuring our employees possess the necessary skills and capabilities for business success and career growth is a strategic priority. Our employees drive our business, delivering top-tier products, solutions, and services. During FY24, we continued our focused learning and development initiatives across all business and functional areas. We have established structured learning curriculum delivered through blended learning mechanisms, including on-the-job training, classroom sessions, and digital platforms. This year, we implemented a state-of-the-art digital learning management system, enabling us to administer, manage, and track development progress across our employee base, accessible via mobile for anytime-anywhere learning.

We achieved a threefold increase in employee training coverage. Key initiatives included the successful completion of the second batch of the Future Women Leader program, Leadership Competency Model (LCM) programs for 269 managers and 50 senior leaders, Lean and Six Sigma certification programs for manufacturing locations, and technical competency development programs on the latest technologies (6G, 5G, 4G LTE, Kubernetes, AWS, Cloud). We also organised nine Tech-for-All sessions on various technologies and products, along with technical certifications such as CCNA (Cisco Certified Network Associate) and CCNP (Cisco Certified Network Professional).

Key statistics for our learning initiatives:

1. 2,122 training effort-days across 236 programs, benefitting 3,373 unique employees (9,238 training participants) in instructor-led programs.

2. 16,158 training hours across 2,995 courses on the UDEMY learning platform, nearly doubling the training effort compared to FY23, with 78.2% focused on technical competencies.

Overall, HFCL conducted 10,961 training effort-days, reaching 15,600 participants across various programs, with 39% focusing on technical competencies and 37% on process competencies, including compliance topics. Nearly 100% of employees completed mandatory training programs such as POSH and EHS.

HFCL CARES

The HFCL CARES initiative, started post-COVID-19 to address mental and emotional wellbeing, has evolved into a comprehensive employee care and engagement program. We piloted a mobile app for mental well-being and held numerous initiatives. We organised 177 HFCL CARES events with over 75 participants per event across our manufacturing locations and R&D and corporate offices. We implemented Employee Assistance Programme (EAP) initiatives, including residential programs for emotional and physical wellness, health camps, International Yoga Day celebrations, and yoga classes. Comprehensive medical check-ups and health camps addressing lifestyle illnesses were also conducted, along with special camps focused on women's health. These initiatives aim to maintain positivity, motivation, workplace productivity, reduced absenteeism, and enhanced personal satisfaction.

Employee Communication

The HFCL leadership recognises the importance of fostering regular communication with employees. We organised quarterly leadership town halls where the Managing Director and business and function leaders communicated openly about business performance and encouraged employees to ask questions and seek clarifications. These digital open forums ensure maximum participation and provide a great way to stay connected and updated on accomplishments, highlights, and challenges, thus aligning the organisation.

Supporting this, the monthly newsletter from the MD's Desk highlights major developments of the month and provides direction on business performance and objectives. Business and functional leaders also meet employees through informal coffee connects and other forms, ensuring accessibility and strengthening organisational alignment.

Employee Engagement

Recognising the significant time employees spend at work, we strive to ensure they enjoy a vibrant and inclusive environment, boosting job satisfaction, retention, and productivity. Engagement activities included team outings, festival celebrations, Fun Fridays, and cultural festivities during major festivals like Diwali and Navratri. We celebrated Technology Week during World Wi-Fi Day with contests and events to keep employees engaged with the latest industry trends.

Such initiatives provide opportunities for employees and their families to showcase talent, connect with colleagues, and foster a sense of belonging within the HFCL family.

Diversity, Equity & Inclusion (DEI)

As a responsible employer, HFCL is committed to fostering diversity and inclusion. We prioritise employing people of various nationalities globally, enhancing gender diversity, and providing equal opportunities to persons with disabilities. Our Future Women Leader Programme, a comprehensive development initiative for high-potential women employees, successfully concluded its second batch in FY24. We celebrate International Women's Day with impactful events, panel discussions, health camps, and recognition for women employees.

Our commitment to DEI strengthens our Employee Value Proposition, making HFCL an Employer of Choice in today's competitive talent market.

SPARK Programme

Our SPARK programme nurtures future talent by hiring engineering and management graduates from top institutions across the Country. This year, 14 campus recruits joined the program, along with participants from previous cohorts. They receive comprehensive guidance through regular manager connects, learning and development programs, and engagement initiatives. Challenging roles and tasks accelerate their on-the-job learning, preparing them for higher responsibilities in technical, engineering, and management functions.

HR Digitisation

We continue to enhance our digital HR experience, making processes accessible via mobile and web through our HRMS system. This system allows managers and employees to address all HR requirements seamlessly and is available to all employees globally. Our technology-driven HR ecosystem ensures speed, efficiency, and compliance with regulations across all geographies.

Corporate Social Responsibility

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

Healthcare

As part of its commitment to enhancing healthcare access for underserved communities, HFCL Group undertakes the following initiatives:

Operation of Mobile Medical Units (MMUs): HFCL Group operates nine MMUs that deliver essential preventive healthcare services to remote and underserved areas. These units reach approximately 900 individuals daily, providing vital health services where they are most needed.

Critical Health Interventions: HFCL plays a pivotal role in supporting critical health needs, including:

- Corrective surgeries for conditions such as clubfoot and polio deformities.
- Facilitating life-saving open-heart procedures.
- Providing grants for critical illnesses to individuals unable to afford expensive treatments.

Education

As a responsible corporate entity, the Company runs various education programs under its CSR initiatives for underprivileged children, underscoring our aim to positively impact communities.

- Supporting specially-abled children at Balvantray Mehta Vidya Bhawan, New Delhi.
- Providing computer skills training to underprivileged youth at five centres in Ghazipur, Uttar Pradesh.
- Offering educational support through the Individual Education Grant under the Karuna Programme to assist students facing financial barriers.

Old Age Care

As part of its commitment to compassionate elder care, HFCL has undertaken significant initiatives to support the elderly population. Recognising the growing need for quality care facilities for abandoned seniors, HFCL has established a dedicated facility at SHEOWS in Garhmukteshwar, which accommodates over 100 elderly individuals. This facility is designed to provide a safe, nurturing environment where residents receive the care and attention they deserve.

The Company also provides grants to AMRITAM, facilitating the construction of an old age home to further expand the reach and impact of its elder care initiatives. Through these efforts, HFCL aims to ensure that elderly people have access to the care, comfort, and dignity they need.

These CSR initiatives highlight HFCL's unwavering commitment to fostering positive change within the community. The Company's dedication to social responsibility is evident through its diverse range of projects and programs aimed at improving the lives of those in need.

For a comprehensive overview of HFCL's various CSR projects and programs, as well as other pertinent details, please refer to the Directors' Report.

~₹39 crores

CSR Spend in the Last 10 Years

>1 million

Beneficiaries in Last 10 Years

Risk Management

HFCL's Risk Management Policy guides its approach in identifying, assessing and mitigating various risks inherent in its diverse business operations. This comprehensive framework enables the Company to proactively manage potential challenges and uncertainties.

The Oversight of HFCL's risk management endeavours is entrusted to a dedicated Risk Management Committee, which diligently evaluates and addresses significant risks across different business units and functions. By aligning practices with industry standards, HFCL ensures a vigilant and well-informed approach to risk assessment and mitigation.

The continual refinement of the Risk Management Policy is an ongoing responsibility of the Risk Management Committee, ensuring that risk evaluation processes remain effective and relevant. This fosters a culture of risk awareness and informed decision-making within the organisation. Furthermore, the Audit Committee provides additional oversight in managing financial risks and controls, further enhancing the overall effectiveness of HFCL's risk management strategies.

HFCL is committed to maintaining a proactive approach to risk management. While the Company remains confident in its current risk profile, its agility and preparedness to address unforeseen operational risks underscore its dedication to sustaining business resilience and fostering growth.

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

Risks	Mitigation Measures	Impact
Economic Risk The Country's or industry's economic health may affect the Company's performance, demand for products, and overall growth prospects.	Monitoring economic indicators and adjusting business strategies, accordingly, maintaining financial flexibility diversifying revenue streams.	Enhances the Company's ability to adapt to economic fluctuations, ensuring sustained operations and growth during downturns.
Competition Risk Intense competition in the market could reduce the Company's ability to win contracts and secure new projects.	HFCL has positioned itself as a complete solution provider with a proven track record of efficiently executing turnkey projects and fostering strong client relationships. Additionally, ongoing R&D efforts drive innovation, enhancing the Company's competitiveness.	The Company's strong market positioning and project execution capabilities lead to increased customer confidence, translating into a higher rate of order acquisition and overall business growth.
Foreign Exchange Risk HFCL's imports and exports expose the Company to foreign exchange fluctuations, potentially leading to forex losses.	HFCL employs professional consultants to continuously monitor currency fluctuations, and utilises financial instruments such as forward contracts, options, and hedging strategies to mitigate the impact of adverse exchange rate movements.	By actively managing foreign exchange risk, HFCL minimises potential forex losses and ensures stable financial performance.
Technology Risk The swift pace of technological advancements may lead to the obsolescence of certain products or solutions, potentially impacting the Company's competitiveness.	HFCL invest in continuous innovation and research and development (R&D) endeavours. The Company is proactive in upgrading its technologies to stay at the forefront of market trends.	Through its commitment to innovation and technology upgrades, HFCL introduces state-of-the-art products and solutions, safeguarding its competitiveness and relevance amidst a rapidly changing market landscape.
Government Policy Risk Fluctuations in government policies, regulations, or priorities may disrupt business operations and impede growth prospects.	HFCL benefits from the favourable pro-reform policies of the incumbent Government, which promote ease of doing business. The Company actively monitors policy developments and adjusts its strategies accordingly.	The Company's adaptability to changing Government policies ensures business continuity and minimises the potential disruption caused by policy changes.
Order Complication Risk Failing to complete orders within specified timelines may result in penalties and damage to the Company's reputation.	HFCL implements robust operational policies supported by a proficient team of professionals. The Company adopts project management frameworks and utilises digital tools for efficient project monitoring and execution, ensuring prompt delivery.	HFCL's stringent adherence to operational policies and project management practices minimises the risk of project delays, thereby averting penalties and upholding positive customer relationships.

Internal Control Systems and their Adequacy

Aligned with its operational scope, the Company has meticulously devised an internal control framework encompassing governance, compliance, audits, controls, and reporting. The Company has already designed and implemented a framework to ensure adequate internal financial controls concerning financial statements. Regular reviews of these internal financial controls are conducted to ensure their adequacy and operational effectiveness, with management and both external and internal auditors actively involved in the process.

The internal control system protects the Company's all assets from loss or unauthorised use and ensures the reliability of financial and other records for preparing statements and maintaining asset accountability. Augmenting these controls, internal audits are conducted by M/s Anil Aggarwal & Co., Chartered Accountants, headquartered at 501, Surya Kiran Building, K. G. Marg, Connaught Place, New Delhi – 110001.

Internal auditors conduct extensive audits across all locations and functional areas throughout the year, submitting their reports to the Audit Committee of the Board of Directors. The Audit Committee regularly oversees the internal audit system and directs necessary measures to enhance the internal control framework.

Additionally, policies have been established to ensure consistent accounting treatment for subsidiary companies. The accounts of subsidiaries and joint venture companies undergo auditing and certification by their respective statutory auditors for consolidation. In the past year, these controls were assessed, and no material weaknesses in design or operation were identified.

Based on these assessments, the Board affirms that the Company's internal financial controls were both adequate and effective during FY24.

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 37th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the financial year ended March 31, 2024.

FINANCIAL HIGHLIGHTS

Your Company's financial performance (standalone and consolidated) for the financial year ended March 31, 2024 is summarised below:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Revenue from Operations (Net)	4,074.59	4,395.68	4,465.05	4,743.31
Other Income	100.13	49.46	100.59	47.18
Total Income	**4,174.72**	**4,445.14**	**4,565.64**	**4,790.49**
Total Operating Expenses	3,588.77	3,929.19	3,883.51	4,124.63
Depreciation and Amortisation expenses	58.48	57.43	81.76	82.97
Total Expenses	**3,647.25**	**3,986.62**	**3,965.27**	**4,207.60**
Profit before Finance Cost and Tax	**527.47**	**458.52**	**600.37**	**582.89**
Finance Cost	115.02	116.83	147.28	152.19
Share of net profits of joint ventures accounted for using equity method	-	-	0.93	(0.09)
Profit before Tax (PBT)	**412.45**	**341.69**	**454.02**	**430.61**
Tax Expense Net of MAT Credit Entitlement	102.79	87.09	116.50	112.90
Profit after Tax (PAT)	**309.66**	**254.60**	**337.52**	**317.71**
Attributable to:				
Shareholders of the Company	-	-	329.81	300.97
Non-Controlling Interests	-	-	7.71	16.74
Opening Balance of Retained Earnings	1,674.75	1,444.65	1,786.57	1,510.62
Profit for the year	309.66	254.60	329.82	300.97
Transfer to Retained Earnings	3.96	0.30	3.83	(0.22)
Amount available for appropriation	**1,988.37**	**1,699.55**	**2,120.22**	**1,811.37**
Appropriations:				
Dividend on Equity Shares (Previous Year)	(28.58)	(24.80)	(28.58)	(24.80)
Closing Balance of Retained Earnings	**1,959.79**	**1,674.75**	**2,091.64**	**1,786.57**

During FY24, total Consolidated Income of your Company was ₹4,565.64 crores as compared to ₹4,790.49 crores during the previous year, showing slight decrease of 4.69%.

Your Company has achieved Consolidated EBIDTA of ₹682.13 crores in FY24 from ₹665.86 crores in the previous year, recording an increase of 2.44%. Profitability, i.e., Consolidated PBT has increased by 5.44% to ₹454.02 crores in FY24 from ₹430.61 crores during the previous year.

In FY24, your Company reported a Consolidated PAT of ₹337.52 crores, compared to ₹317.71 crores in the previous year, making an increase of 6.24%.

Net Worth

The net worth of your Company has increased during the year under review to ₹3,821.69 crores from ₹2,993.02 crores in the previous year.

Gross Debt

The consolidated Debt in FY24 stood at ₹977.26 crores as against ₹748.31 crores in FY23.

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 FY24, 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 FY24, under Retained Earnings and has not transferred any amount to the General Reserves, during the year under review.

DIVIDEND

Your Board of Directors, at its meeting held on May 03, 2024, 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 ₹28.85 crores for the financial year ended March 31, 2024, subject to approval of shareholders at the ensuing annual general meeting (**"AGM"**) of the Company. The above decision is in accordance with the Company's Dividend Distribution Policy.

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

Dividend Distribution Policy

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

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

The Dividend Distribution Policy is available on the Company's website at **https://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.pdf**

Investor Education and Protection Fund (IEPF)

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

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

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

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

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	Amount (₹) (Unpaid as on March 31, 2024)
2017-18	0.06	September 29, 2018	November 04, 2025	December 04, 2025	10,29,721.50
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,23,526.80
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,39,556.76
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	27,98,606.75
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,68,262.22

Details of unpaid dividend for the FY2017-18, 2018-19, 2020-21, 2021-22 and 2022-23, can be accessed from the website of the Company at **www.hfcl.com** and claim can be made by making request to the Company.

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, 2024, have been prepared in accordance with Indian Accounting Standards (Ind-AS), as notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

FIXED DEPOSITS

During FY24, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL AND CHANGES IN CAPITAL STRUCTURE

Authorised Share Capital

As on March 31, 2024, the Authorised Share Capital of your Company stood at ₹760 crores (Rupees Seven Hundred Sixty crores only) divided into 510 crores (Five Hundred Ten crores) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crores (Rupees Five Hundred Ten crores only) and 2.50 crores (Two crores Fifty Lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crores (Rupees Two Hundred Fifty crores only).

Paid-up Share Capital

As on March 31, 2024, the Paid-up Equity Share Capital of your Company stood at ₹144.10 crores comprising of 144,09,72,812 equity shares of face value of ₹1/- each.

Qualified Institutions Placement

In order to meet funding requirements of capital expenditure for capacity expansion of optic fiber and optic fiber cables by the Company or through its subsidiaries (**"OFC Expansion"**); funding expenditure towards research & development initiatives including acquisition of technologies; repayments/ pre-payments of short term borrowings availed from banks; funding working capital requirements and general corporate purposes, the Board of Directors of the Company at its meeting held on September 02, 2022 which was also approved by the Shareholders of the Company at its Annual General Meeting held on September 30, 2022, decided to raise funds up to ₹650 crores 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 August 28, 2023, 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 5,10,14,491 equity shares through QIP at an price of ₹69/- per equity share (including a premium of ₹68/- per equity share) aggregating to approximately ₹352 crores, on August 31, 2023.

Pursuant to the said allotment, the paid-up equity share capital of the Company increased from ₹137,77,58,321 divided into 137,77,58,321 equity shares of ₹1/- each to ₹142,87,72,812/- divided into 142,87,72,812 equity shares of ₹1/- each, as at August 31, 2023.

Out of the proceeds amounting to ₹342.69 crores (net of issue expenses), ₹269.23 crores were utilised upto June 30, 2024, as per the objects and purpose of the QIP issue.

Allotment of Equity Shares

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

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

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

Pursuant to the said allotments, the paid-up equity share capital of the Company increased from ₹142,87,72,812 divided into 142,87,72,812 equity shares of ₹1/- each to ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each, as at April 11, 2024.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT

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

CORPORATE GOVERNANCE

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

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

EMPLOYEES' LONG TERM INCENTIVE PLAN

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

The HFCL Plan 2017 comprises of the following three subsets:

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

During the financial year ended March 31, 2024, your Company has not granted any ESOs and RSUs 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 (FCS: 3616; C.P. No.: 3169) that the HFCL Plan, 2017 for grant of stock options has been implemented in accordance with the SEBI SBEB & SE Regulations and the resolution passed by the members in their 30th Annual General Meeting held on September 25, 2017.

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

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on March 31, 2024, your Company had ten subsidiaries and two associates viz.

1. HTL Limited,
2. Polixel Security Systems Private Limited,
3. Moneta Finance Private Limited,
4. HFCL Advance Systems Private Limited,
5. Raddef Private Limited,
6. DragonWave HFCL India Private Limited,
7. HFCL Technologies Private Limited,
8. HFCL B.V. Netherlands,
9. HFCL Inc. USA,
10. HFCL Canada Inc. – wholly owned subsidiary of HFCL B.V., a subsidiary (w.e.f. October 26, 2023),
11. Nimpaa Telecommunications Private Limited – Associate and
12. BigCat Wireless Private Limited – Associate.

HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands (**'HFCL BV'**), has acquired 100% stake in Blue Diwali Sp. z.o.o., a company registered in state of Warsaw, Poland.

Further, HFCL B.V., has also established a wholly owned subsidiary company namely HFCL UK Limited in the UK.

Consequently, Blue Diwali Sp. z.o.o., and HFCL UK Limited have become wholly owned subsidiaries of HFCL B.V. and also step-down wholly owned subsidiaries of the Company w.e.f. May 17, 2024 and July 05, 2024 respectively.

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

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

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

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

Material Subsidiaries

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

The said policy may be accessed on the website of the Company at **https://www.hfcl.com/wp-content/uploads/2021/07/HFCL-Policy-on-Determining-Material-Subsidiaries_Revised.pdf**

The Company has one material subsidiary viz. HTL Limited, as on March 31, 2024.

DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMPs)

Re-Appointments/Appointments

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, 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.

The brief resume of him and other related information are being given in the Notice convening the 37th AGM of your Company.

Your directors recommend his re-appointment as a non-executive director of your Company.

The Board of Directors at its meeting held on September 02, 2024 and on the recommendation of the Nomination, Remuneration and Compensation Committee, has re-appointed Mr. Mahendra Nahata as the Managing Director of the Company for a further period of 3 (three) years with effect from October 01, 2024, subject to approval of shareholders at the ensuing AGM, as his current term of office is expiring on September 30, 2024.

Further, Mr. Ajai Kumar (DIN: 02446976) was appointed as an Independent Director on the Board of your Company, w.e.f. November 25, 2021, for one term of three consecutive years, by the shareholders at the Extra Ordinary General Meeting (**"EGM"**) of the Company, held on March 07, 2022, in terms of the provisions of Section 149 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the SEBI Listing Regulations.

Mr. Ajai Kumar holds office as an Independent Director of the Company up to November 24, 2024 (**"First Term"**) in line with the explanation to Sections 149(10) and 149(11) of the Act.

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

Based on the above and the performance evaluation of independent director, the Board recommends re-appointment of Mr. Ajai Kumar for a second term of consecutive three years, commencing from November 25, 2024 to November 24, 2027 to hold office as Independent Director of the Company, not liable to retire by rotation on the Board of the Company. The Company has received the requisite Notices in writing under Section 160 of the Act, from Members of the Company, proposing his re-appointment as a Director.

In the opinion of the Board, Mr. Ajai Kumar possess requisite qualifications, experience, expertise and holds highest standards of integrity.

Further Mr. Ajai Kumar is exempt to qualify on-line proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Mr. Ajai Kumar has given his consent, in prescribed form DIR-2, to act as Director and also declared that he is not disqualified to be appointed as a Director, in prescribed form DIR-8.

Mr. Ajai Kumar has registered his name in the data bank for Independent Directors maintained by the Indian Institute of Corporate Affairs (IICA), Manesar (notified under Section 150(1) of the Act as the institute for the creation and maintenance of data bank of Independent Directors) and paid requisite fee therefor.

The Company has received declaration from Mr. Ajai Kumar confirming that he meets the criteria of independence as prescribed both under the Act and SEBI Listing Regulations.

Brief resume, nature of expertise, disclosure of relationships between directors inter-se, details of directorships and Committee membership held in other companies of the Directors proposed to be re-appointed, along with their 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 resolutions for re-appointment of Directors are being placed for your approval at the ensuing AGM.

Cessation

Mr. Surendra Singh Sirohi (DIN:07595264) has completed his second term as an Independent Director on the close of business hours on August 26, 2024. The Board of Directors places on record its sincere appreciation for the support and valuable guidance given by Mr. Sirohi during his tenure as an 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, 2024.

Declaration by Independent Directors

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

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

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

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

Familiarisation Programme for Independent Directors

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

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

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company and related matters are available on the website of the Company at the web-link: **https://www.hfcl.com/wp-content/uploads/2023/04/HFCL-Familiarisation-Prog.-ID_2024.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.

The detailed Policy is available on the Company's website at **https://www.hfcl.com/wp-content/uploads/2019/06/Remuneration-Policy.pdf** and the salient aspects covered in the Remuneration Policy have been outlined in the Corporate Governance Report, which forms part of this Report.

BOARD AND COMMITTEE MEETINGS

Seven meetings of the Board of Directors were held during the FY24.

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 27, 2024 for FY24.

The meeting of the Independent Directors was attended by all the four independent directors, namely, Mr. Bharat Pal Singh, Mr. Ajai Kumar, Mr. Surendra Singh Sirohi, and Dr. (Ms.) Tamali Sengupta.

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, 2024, 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 FY24 and attendance of the Members at each Committee Meeting, are provided in the Corporate Governance Report which forms part of the Annual Report.

All the recommendations made by the Committees of the Board including the Audit Committee were accepted by the Board except recommendation made by the NRC Committee at its meeting held on May 08, 2023 regarding payment of remuneration based on the net profits of the Company for the FY23 to its Managing Director.

While discussing the said recommendation at the Board meeting held on May 08, 2023, Mr. Mahendra Nahata, Promoter & Managing Director of the Company, expressed his desire to put away any such proposals relating to payment of remuneration based on net profits as part of his overall remuneration at this point of time and instead suggested that such money should be utilised for the benefits of needy employees of the Company.

The Board was pleased with the commitment and outlook of Mr. Nahata towards the HFCL family and accordingly, this business item was dropped out.

Also, details pertaining to Risk Management & Internal Financial Control are mentioned in Management Discussion & Analysis, which forms part of the Annual Report for FY24 of the Company.

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 July 11, 2023, the evaluation of the annual performance of the Directors/ Board/Committees was carried out for FY24.

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 Directors.

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, Committees of the Company and individual directors was found satisfactory.

The Directors expressed their satisfaction with the evaluation process.

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors & their Report

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

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

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

Secretarial Auditors & their Report

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended or re-enacted from time to time), your Company had appointed Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having COP No. 3169 and Membership No. F-3616, for conducting the Secretarial Audit of your Company for FY24.

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

Remarks by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for FY24, except for a fine levied by BSE Limited vide their email dated March 26, 2024, of ₹80,000/-, for a delay of 04 days in filing of the Trading Application of 1,00,00,000 equity shares issued and allotted upon conversion of warrants, under a preferential issue, on February 07, 2024.

Explanation by the Board pursuant to Section 134(3)(f) of the Act

It is informed that 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 Limited ("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 coordinate with BSE officials.

Following communication with BSE officials on March 26, 2024, the Trading Application was duly submitted with BSE.

Further, 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.

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 FY24.

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 FY24.

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 FY24, no complaint was received and no individual was denied access to the Audit Committee for reporting concerns, if any.

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

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

CREDIT RATINGS

CARE Ratings Limited (a SEBI Registered Credit Rating Agency) (**"CARE"**) vide its letter dated July 03, 2023, has enhanced the credit rating for the short-term bank facilities of the Company to CARE A1 (A One) from CARE A2+ (A Two Plus).

Further, CARE has also reaffirmed the credit rating for the long-term bank facilities of the Company.

Care has also withdrawn the credit rating for the Non-Convertible Debentures (NCDs) of the Company since the Company had already repaid its NCDs in full and there is no outstanding NCD as on date.

The details of Credit ratings assigned to the Company for bank facilities are as under:

Instrument/Facility	Ratings	Rating Action
Short Term Bank Facilities	Care A1 (A One)	Enhanced from CARE A2+ (A Two Plus)
Long Term Bank Facilities	Care A; Stable (Single A; Outlook: Stable)	Reaffirmed

Further, CARE vide its letter dated August 21, 2024 has also reaffirmed the above credit ratings for the long-term and short-term bank facilities of the Company.

Infomerics Valuation and Rating Pvt. Ltd. (RBI & SEBI Registered Credit Rating Agency) vide its letter dated February 05, 2024, has reaffirmed the credit ratings for the Bank Loan facilities of the Company, the details of which are as below:

Instrument/Facility	Ratings	Rating Action
Long Term Fund Based Bank Facilities – Term Loans	IVR A/Stable (IVR A with Stable Outlook)	Reaffirmed
Long Term Fund Based Bank Facilities – Cash Credit	IVR A/Stable (IVR A with Stable Outlook)	Reaffirmed
Short Term Non-Fund Based Bank Facilities – LC/BGs	IVR A1 (IVR A One)	Reaffirmed

ANNUAL RETURN

The Annual Return of the Company as on March 31, 2024, 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 FY24 shall be filed by the Company with the Registrar of Companies, Himachal Pradesh, within the stipulated period.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments, as on March 31, 2024, 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 crores)
Loans given	105.23
Guarantees given	383.11
Investments made	230.62

Loans given, Guarantees provided and Investments made during FY24:

Name of the entity	Relation	Amount (₹ in crores)	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	Subsidiary	16.65	Loan given	For working capital and general corporate business purposes.
HTL Limited	Subsidiary	61.95	Incremental Corporate Guarantee*	Collateral Security for various credit facilities sanctioned by State Bank of India, Yes Bank Limited and Kotak Mahindra Bank Limited to HTL Limited.
HTL Limited	Subsidiary	53.00	Corporate Guarantee	Collateral Security for various credit facilities sanctioned by Axis Finance Limited to HTL Limited.

* As on March 31, 2024, outstanding corporate guarantee was ₹ 309.95 Crores.

For more details, please refer **Note No.7, 8, 9, 14, 47(c) and 51** to the Standalone Financial Statements for FY24 of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

The said Policy is available on the website of the Company at the web-link: **https://www.hfcl.com/wp-content/uploads/2022/06/HFCL-Policy-on-RPTs_Revised.pdf**

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

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

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

In compliance with requirements of Section 135 of the Act, the Company has laid down a Corporate Social Responsibility (CSR) Policy. The CSR Policy is available on the website of the Company and may be accessed at the web-link **https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Poliicy_2022.pdf**

The composition of the CSR Committee, brief contents of CSR Policy, unspent amount and reason thereof, if any, and report on CSR activities carried out during the FY24, in the format, prescribed under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **Annexure – F**.

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

MATERIAL CHANGES AFFECTING THE COMPANY

A. Change in nature of business

The Company has not undergone any change in the nature of the business during FY24.

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 FY24 and the date of this Report.

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

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace, 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) (ICCs) at each workplace of the Company, have been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

ICC of each workplace of the Company has also filed Annual Return for the calendar year 2023 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.

There was no complaint received from any employee of the Company during FY24.

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, however 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:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures from the same;

(b) 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, 2024 and of the profits of the Company for that period;

(c) 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;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) 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

(f) 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 FY25 to BSE and NSE.

DEPOSITORY SYSTEMS

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

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

IMPLEMENTATION OF CORPORATE ACTION

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

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, 2023 to March 31, 2024. 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 Discussions & Analysis Report describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes and economic developments within the Country and abroad and such other factors.

PERSONNEL

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

ACKNOWLEDGEMENTS

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

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

The Directors thank the Central Government, Government of Goa, Government of Telangana, Government of Himachal Pradesh, State Bank of India, Punjab National Bank, Bank of Baroda, Union Bank of India, Indian Bank, IDBI Bank Limited, Yes Bank Limited, ICICI Bank Limited, KEB Hana Bank, Axis Finance Limited 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, 2024

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 FY24, 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:

₹2.19 (Rupee Two and Paisa Nineteen only) as on March 31, 2024.

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 (**"the 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 1st year from the date of grant
30% of the Options granted	End of the 2nd year from the date of grant
30% of the Options granted	End of the 3rd year from the date of grant

***RSUs:**

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

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

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

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

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

(e) Maximum term of Options/RSUs granted:

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

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

Primary.

(g) Variation in terms of Options/RSUs:

Not Applicable.

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

Fair Value Method.

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

Not Applicable.

(iv) Options/ RSUs movement during the year:

Particulars	ESOs	RSUs*
Number of Options/RSUs outstanding at the beginning of the period	15,29,200	NIL
Number of Options/RSUs granted during the year	NIL	NIL
Number of Options/RSUs forfeited/lapsed/cancelled during the year	NIL	NIL
Number of Options/RSUs vested during the year	NIL	NIL
Number of Options/RSUs exercised during the year	4,63,400	NIL
Number of shares arising as a result of exercise of Options/RSUs	4,63,400	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 (₹)	1,35,00,000	NIL
Number of Options/RSUs outstanding at the end of the year	10,65,800	NIL
Number of Options/RSUs exercisable at the end of the year	10,65,800	NIL

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

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

(Amount in ₹)

Particulars	ESOs	RSUs*
Weighted average exercise price	20.65	1.00
Weighted average fair value as on grant date	11.04	19.74

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

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

(a) **Senior managerial personnel:** During the financial year ended March 31, 2024 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	For Grants made during the year ended March 31, 2024
	ESOs
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.

Details related to Employee Stock Purchase Scheme (ESPS):

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

a. Date of shareholders' approval: August 26, 2017

b. Number of shares issued: NIL

c. The price at which such shares are issued: NIL

d. Lock-in period: Not Applicable

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

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

Details related to Trust:

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

(i) General information on all schemes:

S. No.	Particulars	Details
a.	Name of the Trust	HFCL Employees' Trust
b.	Details of the Trustee(s)	(i) Mr. Brij Behari Tandon (ii) Mr. Pankaj Jain
c.	Amount of loan disbursed by 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)	₹2,06,38,460/-
e.	Amount of loan, if any, taken from any other source for which Company/any company in the group has provided any security or guarantee	NIL
f.	Any other contribution made to the Trust during the year	NIL

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

S. No.	Particulars	Details
(a)	Number of shares held at the beginning of the year	13,82,200
(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	4,63,400
(d)	Number of shares held at the end of the year	9,18,800

(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, RSUs stands cancelled.

The details as required to be disclosed under the SBEB & SE Regulations can be accessed at the weblink:**https://www.hfcl.com/wp-content/uploads/2024/08/Disclosure_of_ESOP_Annexure_2024.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 FY24 is as follows:-

Sr. No.	Name of Director	Category	Ratio of remuneration of Director to the Median remuneration
1.	Mr. Mahendra Nahata	Managing Director	125.56
2.	Mr. Arvind Kharabanda	Non-Executive Director	2.44
3.	Dr. (Mr.) Ranjeet Mal Kastia	Non-Executive Director	1.31
4.	Mr. Bharat Pal Singh	Independent Director	1.63
5.	Mr. Surendra Singh Sirohi	Independent Director	1.25
6.	Dr. (Ms.) Tamali Sengupta	Independent Director	1.31
7.	Mr. Ajai Kumar	Independent Director	0.56

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 ₹8,00,000/- for the FY24.

II. Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, other Executive Directors and Company Secretary during the FY24:

Sr. No.	Name	Category	Increase (%)
1.	Mr. Mahendra Nahata	Managing Director	42.59
2.	Mr. Vijay Raj Jain	Chief Financial Officer	20.76
3.	Mr. Manoj Baid	President & Company Secretary	39.82

Note: The remuneration paid to Directors is within the overall limits approved by the shareholders.

III. Percentage increase in the median remuneration of all employees in the FY24:

Particulars	Increase (%)
Median remuneration of all employees per annum	6.39

IV. Number of permanent employees on the rolls of the Company as on March 31, 2024:

The number of permanent employees on the rolls of the Company as on March 31, 2024 were 2,114. Besides, the Company has also 1,433 personnel on off-roll or contractual basis as on March 31, 2024.

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)	8.69
Average Salary of Managing Director	42.59*
Average Salary of CFO and Company Secretary	24.90

* Keeping in view the Company's performance for the FY24, 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 incumbent, despite tough competition amongst the Company's competitors, the NRC Committee and Board of Directors in their meetings held on May 02, 2024 and May 03, 2024 respectively decided to approve an amount of ₹3,00,00,000 (Rupees Three Crores Only), towards the payment of net profit-based remuneration for FY24 to Mr. Mahendra Nahata, Managing Director of the Company.

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 March 31, 2024
[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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
HFCL Limited
CIN: L64200HP1987PLC007466
8, Electronics Complex,
Chambaghat,
Solan – 173 213 (H.P.)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HFCL Limited** (hereinafter called **"the Company"**) for the financial year ended **March 31, 2024** (**"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: –

(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"**):-

(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 **(Not applicable during the Audit Period);**

(j) Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 **(Not applicable during the Audit Period);**

(k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 **(to the extent applicable);**

(l) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; and

Other laws as applicable specifically to the Company:

a) Employees Provident Fund and Miscellaneous Provisions Act, 1952;

b) Employees State Insurance Act, 1948;

c) The Factories Act, 1948;

d) Indian Contract Act, 1872;

e) Minimum Wages Act, 1948;

f) The Payment of Bonus Act, 1965;

g) Payment of Gratuity Act, 1972;

h) The Payment of Wages Act, 1936;

i) The Industrial Disputes Act, 1947;

j) The Maternity Benefit Act, 1961;

k) The Contract Labour (Regulation and Abolition) Act, 1970;

l) The Apprentices Act, 1961;

m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;

n) The Industrial Employment (Standing Orders) Act, 1946 and other applicable labour laws.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;

(ii) The Uniform Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

BSE Limited (BSE) had sent an e-mail dated March 26, 2024 to the Company, levying a fine of ₹80,000/-, for delay of 4 days in filing of Trading Application of 1,00,00,000 equity shares issued and allotted upon conversion of warrants, under preferential issue, on February 07, 2024.

As per the records of the Company, it 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.

As informed to me, the Company 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.

It is further informed to me that despite numerous attempts to contact BSE 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 coordinate 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.

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.

There are no changes in the composition of the Board of Directors 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:

1. **Qualified Institutions Placement ("QIP") of the Company**

   The Board of Directors and the Shareholders of the Company at their meetings held on September 02, 2022, and September 30, 2022, respectively, had approved the raising of funds up to ₹650 Crores by way of Qualified Institutional Placement (**"QIP"**) of equity shares in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**) and the Companies Act, 2013 and the rules made thereunder.

Subsequently, pursuant to the aforesaid authorisations, the preliminary placement document dated August 28, 2023 and the placement document dated August 31, 2023, 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 August 31, 2023, had approved the allotment of 5,10,14,491 (Five Crores Ten Lakhs Fourteen Thousand Four Hundred and Ninety One) equity shares of face value of ₹1/- each of the Company (the **"Equity Shares"**) bearing distinctive numbers 1377758322 to 1428772812 (both inclusive) to 5 (Five) successful QIBs, 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 "HFCL Limited – QIP Escrow Account", aggregating to ₹351,99,99,879/- (Rupees Three Hundred Fifty-One Crores Ninety-Nine Lakhs Ninety-Nine Thousand Eight Hundred Seventy-Nine only).

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

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

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

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

The warrants allotted to one of the warrant holders holding 2,00,000 warrants, who sought early retirement from the Company, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024. Therefore, the 25% of Warrant Exercise Price i.e. ₹40,00,000 received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Name : **CS BALDEV SINGH KASHTWAL**
FCS No. : **3616**
C P No. : **3169**
ICSI – UDIN : **F003616F000296887**
Peer Review Certificate Number: 1205/2021
ICSI – Unique Code : **I1999DE144000**

Date: May 03, 2024
Place: Delhi

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

"Annexure-1"

To,
The Members
HFCL Limited
CIN: L64200HP1987PLC007466
8, Electronics Complex, Chambaghat
Solan – 173 213 (H. P.)

My Secretarial Audit Report for the financial year ended March 31, 2024 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	**: F003616F000296887**
Peer Review Certificate Number	**: 1205/2021**
ICSI – Unique Code	**: I1999DE144000**

Date: May 03, 2024
Place: Delhi

ANNEXURE (C1) TO DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2024
[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 31.03.2024. 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 **March 31, 2024** ('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 **March 31, 2024** 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

7. Environmental Laws:

a. The Environment (Protection) Act, 1986
b. The Water (Prevention & Control of Pollution) Act, 1974
c. The Air (Prevention & Control of Pollution) Act, 1981

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

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company. **(Not applicable during the Audit period)**.

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

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

I FURTHER REPORT THAT:

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

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

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

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

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

1. The Company had obtained approval for increase in borrowing limits of the Company as prescribed u/s 180(1)(c) of the Act from ₹300 Crores to ₹500 Crores vide Shareholders resolution dated July 28, 2023.

R. Balasubramanian
Practising Company Secretary
FCS No. 10011 CP No. 11979
UDIN: F010011F000101014 Place: Chennai
PR No. 2641/2022 Date: April 12, 2024

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: F010011F000101014
PR No. 2641/2022

Place: Chennai
Date: April 12, 2024

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)

Form for 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, 2024 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.	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)	• 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 Corporate Guarantees	Financial Year 2023-24	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 ₹448.52 Crores in aggregate. In addition, Corporate Guarantees to the extent of ₹362.95 Crores have been given for the term loans and working capital facilities of HTL Limited as at March 31, 2024, pursuant to requisite approvals.	September 01, 2023	N.A.

For and on behalf of the Board

	Mahendra Nahata	**Arvind Kharabanda**
Place: New Delhi	Managing Director	Non-Executive Director
Date: September 02, 2024	DIN: 00052898	DIN: 00052270

ANNEXURE (E) TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY:

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

a. Optimisation in use of electricity.

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

(ii) **The steps taken by the company for utilising alternative sources of energy:** HFCL is actively investing in renewable energy to enhance sustainability across its facilities. At the Hyderabad plant, a 1 MWp rooftop solar power system is set to be installed, with an expected annual generation of 1.5 million units in FY25. For the Goa plant, HFCL has outlined a plan to transition to 40% renewable energy by FY27. By FY25, the Goa plant aims to fulfill 7% of its energy needs through a 0.5 MWp rooftop solar installation, with the remainder supplied via green power purchase agreements.

(iii) **The capital investment on energy conservation equipment:** ₹10.66 crores

(B) TECHNOLOGY ABSORPTION:

(i) The efforts made towards technology absorption:

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

i. Developed new-generation wireless point-to-point and point-to-multipoint connectivity solutions with improved energy efficiency while delivering higher capacity.

ii. Surveillance solutions.

iii. Electro Optics solutions.

iv. Military armament and ammunition related solutions.

v. Military Tactical Communications.

vi. Developing new generation 5G wireless radio products with energy efficiency features. These products include indoor small cell base stations and O-RAN compliant outdoor Macro Radio and mmwave FWA CPE products.

The main areas of focus are:

i. New generation higher efficiency and higher capacity point-to-point and point-to-multipoint connectivity solutions in unlicensed bands;

ii. Wi-Fi 7 Enterprise Access Points for optimising energy consumption especially in battery powered client devices;

iii. Unified Cloud management platform integrating AI-based analytics and advanced parental control features;

iv. Switches for distribution and access part of the next generation networks with indigenous network OS;

v. Surveillance products for Video and RF surveillance consisting of short range and medium range ground and coastal surveillance Radar solutions in addition to VMS solutions with a range of analytics;

vi. Electro Optical solutions for various weapon sights;

vii. Electronic fuze solutions for artillery ammunition of various calibres; Foreign collaborated TOT is being absorbed and further improvements carried out in design for optimum and improved performance. The complete design except reserve battery has been overhauled and indigenised by the Company. All components have been manufactured locally to check accuracy of technology documents obtained. Booster pellet, electronic detonators have also been indigenised and produced with collaboration of Indian explosive companies. These are based on indigenous R&D along with other vendors for import substitution.

viii. Improvement in BMP 2 Armament to improve fighting capability of Indian Defence Forces.

ix. The energy efficient 5G products operating in n78 band with 1) integrated base station architecture, and 2) O-RAN compliant disaggregated architecture.

x. Our outdoor mmWave CPE products supports SA and NSA mode of operations and offer energy saving features like discontinuous transmission and reception (DRX).

xi. The Radio base station products like Macro RU and Small cell support energy efficiency features like, Micro sleep, adaptive biasing for high efficiency of Power Amplifiers.

xii. The research focus is to develop technologies in 6G timeframe with more advanced energy efficiency features.

xiii. Some of the key features under 5G product development include energy efficiency optimisation at a per service basis, network wide energy optimisation without compromising the SLA.

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

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 ± 180° on horizontal plane and ± 10° on vertical plane. The unit encompasses GPS and DMC for true north alignment. The unit is manageable via NMS.

f) **Network Management System (NMS):** The SNMP V3 based ruggedised NMS manages, configures and conducts fault diagnostics of all the subsystem from a central location.

g) **Antenna system:** High gain Point to point (PtP) and Point to Multi Point (PtMP) antenna system is designed to provide more than 20 km Line of Sight (LOS) communication range with high reliability. PtMP antenna has a coverage of 120 degrees.

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

Ground and Coastal Surveillance Radar

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

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

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

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

a) **Very Short Range Radar (VSR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band, with detection range of 2 km and can track up to 100 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track human, animal, vehicle and low flying objects.

b) **Short Range Radar (SR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band with detection range of 11 km and can track up to 300 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track human, animal, vehicle and low flying objects.

Our Drone detection Radar is also in advanced stage of development.

Wireless access and backhaul solutions under brand IO

Under its brand IO, 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) **Indoor small cell** with 2T2R MIMO configuration operating at n78 band with output RF power of 24 dBm per port.

e) **O-RAN 7.2x split option Macro Radio** with 8T8R configuration operating at n78 band with output RF power of 46 dBm per port.

f) **Outdoor mmwave CPE** with power class 1 support operating at n257/n258 for mmwave and band 1, 3, 5, 8, 40, 41 for LTE.

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.

Electro Optical Devices and Electronic Fuzes for Artillery ammunition for Defence Forces

Our Thermal weapon sights portfolio consists of different types of sights to be used on various weapons in service with the Indian Army as also handheld devices to be used in surveillance.

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

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.

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

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

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

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

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

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

Important derivative of the R&D efforts is to completely indigenise the critical and controlled technologies that were not available in the Country till now. This will result in sizeable forex saving for the Country by way of making available high technology Make in India products and would also open up good avenues of exports with significant advantages of cost competitiveness.

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

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

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

(₹ in crores)

a)	Capital	223.28
b)	Recurring	9.77
c)	**Total**	**233.05**
d)	Total R & D expenditure as a percentage of total Turnover	5.72%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in crores)

Particulars	Financial Year ended March 31, 2024	Financial Year ended March 31, 2023
Foreign exchange earned in terms of actual inflows	450.27	781.92
Foreign exchange outgo in terms of actual outflows	673.44	1346.22

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 special education 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, 2024, 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. Surendra Singh Sirohi (Up to 26.08.2024)	Independent Director	Member	01	01
3.	Mr. Ajai Kumar	Independent Director	Member	01	01
4.	Mr. Bharat Pal Singh (w.e.f. 27.08.2024)	Independent Director	Member	N.A.	N.A.

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

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

Composition of CSR committee: https://www.hfcl.com/wp-content/uploads/2024/08/HFCL-Composition-of-Board-Committees.pdf

CSR Policy: https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Poliicy_2022.pdf

CSR projects approved by the Board: https://www.hfcl.com/wp-content/uploads/2023/09/HFCL_CSR_AAP_FY23-24.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) :₹359,24,90,438

(b) Two percent of average net profit of the Company as per Section 135(5) : ₹7,18,49,809

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year, if any : N.A.

(e) Total CSR obligation for the financial year (b+c-d) : ₹7,18,49,809

6. (a) CSR amount spent for the financial year (both Ongoing Project and other than Ongoing Project) : ₹2,07,19,301

(b) Spent in Administrative overheads : ₹35,00,000

(c) Amount spent on Impact Assessment, if applicable. : Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. : ₹2,42,19,301

(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
2,42,19,301	4,87,80,699	April 30, 2024	N/A	N/A	N/A

f. Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in ₹)
(1)	(2)	(3)
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	7,18,49,809
ii.	Total amount spent for the Financial Year	2,42,19,301
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.

Total amount allocated for the FY24 towards CSR obligation was ₹7.30 crores against the actual CSR obligation of ₹7.18 crores. Consequently, there remains an unspent amount, which is determined by calculating the difference between the allocated amount for the year and the expenditure made during the year. Accordingly, the unspent amount is higher by ₹11,50,191.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
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	2022-23	3,23,82,184	1,67,49,868*	1,56,32,316	N.A		1,67,49,868	N.A.
2	2021-22	3,95,780	Nil	Nil	N.A.		N.A.	N.A.
3	2020-21	N.A.	N.A.	N.A.	N.A.		N.A.	N.A.

* Unspent balance as on April 01, 2024

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

1	2	3	4	5	6		
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 a significant portion of its CSR funds towards ongoing projects, and the funds designated for these projects will be spent as per its allocation in each respective year.

Place: New Delhi
Date: September 02, 2024

Mahendra Nahata
Managing Director &
Chairman – CSR Committee

Corporate Governance Report

The Corporate Governance report for the Financial Year 2023-24 (**"FY24"**), which forms part of the Directors' Report, is prepared in accordance with Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"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, 2024, the Company had 7 (seven) Directors on the Board with an optimum mix of Executive, Non-Executive and Independent Directors.

As on March 31, 2024, more than 50% (fifty) of the Board comprised of Non-Executive Directors. Out of 7 (seven) Directors, 4 (four) are Non-Executive Independent Directors including 1 (one) Woman Director, 2 (two) Non-Executive Directors and 1 (one) 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 of the Directors are 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 on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, 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, 2024, 7 (seven) Board Meetings were held on May 08, 2023, May 31, 2023, July 26, 2023, September 01, 2023, October 19, 2023, February 01, 2024 and February 21, 2024.

The requisite quorum was present for all the meetings held during the year review. The last Annual General Meeting (**AGM**) was held on September 30, 2023.

Mr. Mahendra Nahata, Managing Director of the Company, Chairman of the CSR Committee and Risk Management Committee, Mr. Arvind Kharabanda, Non-Executive Director, member of the Audit Committee, Risk Management Committee, Nomination, Remuneration & Compensation Committee (**"NRCC"**) and the Chairman of the Stakeholders' Relationship Committee, Mr. Surendra Singh Sirohi, Independent Director, Chairman of NRCC, member of the Audit Committee and CSR Committee and Dr. (Ms.) Tamali Sengupta, Independent Director, member of the Audit Committee and the Stakeholders' Relationship Committee were present at the last AGM of the Company.

Mr. Bharat Pal Singh, Independent Director, Chairman of the Audit Committee, member of NRCC and Risk Management Committee, and Mr. Ajai Kumar, Independent Director, member of the CSR Committee, also attended the last AGM of the Company through video conferencing.

Dr. (Mr.) Ranjeet Mal Kastia, Non-Executive Director and member of the Stakeholders' Relationship Committee could not attend the AGM due to his ill health.

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, 2024, are as under:-

Name of the Director	DIN	Category	Total No. of Directorships$	No. of Board Meetings		Attended last AGM (September 30, 2023)	Shareholding in the Company
				Entitled to Attend	Attended		
Mr. Mahendra Nahata	00052898	PD (MD)	07	7	7	Yes	13,35,091 (0.09%)
Mr. Arvind Kharabanda	00052270	NED	07	7	7	Yes	Nil
Dr. (Mr.) Ranjeet Mal Kastia	00053059	NED	07	7	7	No	Nil
Mr. Ajai Kumar	02446976	NEID	08	7	7	Yes	Nil
Mr. Bharat Pal Singh	00739712	NEID	01	7	7	Yes	Nil
Mr. Surendra Singh Sirohi	07595264	NEID	01	7	7	Yes	Nil
Dr. (Ms.) Tamali Sengupta	00358658	NEID	05	7	7	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)

2.2 Directorship in other Listed Companies/ Committee Position (including HFCL Limited) as at March 31, 2024:

Sr. 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
			Rajasthan Antibiotics Limited	Audit	Member
3	Dr. (Mr.) Ranjeet Mal Kastia (Non-Executive)	HFCL Limited – Non-Executive	HFCL Limited	Stakeholders' Relationship	Member
		HCP Plastene Bulk Pack Limited – Independent	HTL Limited	Audit	Member
4	Mr. Surendra Singh Sirohi (Independent)#	HFCL Limited – Independent	HFCL Limited	Audit	Member
6	Dr. (Ms.) Tamali Sengupta (Independent)	HFCL Limited – Independent	HFCL Limited	Audit	Member
				Stakeholders' Relationship	Member
			Aria Hotels & Consultancy Services Private Limited@	Audit	Chairperson
			HTL Limited	Audit	Member
		Asian Hotels (West) Limited – Independent	Asian Hotels (West) Limited	Audit	Member
7	Mr. Bharat Pal Singh (Independent)	HFCL Limited – Independent	HFCL Limited	Audit	Chairman
8	Mr. Ajai Kumar (Independent)	HFCL Limited – Independent	Nil	Nil	Nil
		Can Fin Homes Limited – Independent	Can Fin Homes Limited	Audit	Chairman
			Amar Ujala Limited	Audit	Chairman
			Adani Krishnapatnam Port Limited	Audit	Member
			Indiabulls Investment Management Limited	Audit	Member
			Future Generali India Insurance Co. Ltd.	Audit	Member

* Audit Committee and Stakeholders' Relationship Committee positions only are considered.
#Ceased to be a director w.e.f. 27.08.2024.
@ Deemed Public Company.

None of the Directors on the Board holds directorships in more than ten public companies and memberships in more than ten committees and none of them acts as chairperson of more than five committees across all public limited companies in which he/ she is director, in terms of the limits stipulated under the Act and the Listing Regulations.

None of the Directors serves as a director or independent director in more than seven listed entities.

Necessary disclosures have been made by all the Directors regarding their board/committee positions.

2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company is related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument in the Company as on March 31, 2024.

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 dated January 5, 2017 published by SEBI, 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 the different 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. 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, in all the meetings of the Board, Mr. Mahendra Nahata was elected as the Chairman of the Meetings and his performance as a chairman of the various meetings was found to be excellent on all the parameters.

2.6 Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed and opined that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued the formal letters of appointment to the Independent Directors in the manner provided under the Act and the Listing Regulations.

No Independent Director has resigned from the Board of Directors of your Company during the year under review.

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, 2024, 1 (one) meeting of the Independent Directors was held on March 27, 2024.

The meeting of the Independent Directors was attended by all the four independent directors, namely, Mr. Ajai Kumar, Mr. Bharat Pal Singh, Mr. Surendra Singh Sirohi and Dr. (Ms.) Tamali Sengupta.

Independent Directors at their meeting interact and discuss matters including review of the performance of the Non-Independent Directors and the Board as a whole, taking into account views of Executive/ Non-Executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.8 Familiarisation Programme for Independent Directors

Regulation 25(7) of the Listing Regulations mandates the Company to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various programmes.

The Company through its Managing Director/ Senior Managerial Personnel conduct programmes/ presentations periodically to familiarise the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organisation structure, finances, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time.

The above programmes also include the familiarisation on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The Familiarisation Programme for Independent Directors in terms of Regulation 25(7) of the Listing Regulations is uploaded on the website of the Company and can be accessed through the following link: **https://www.hfcl.com/wp-content/uploads/2023/04/HFCL-Familiarisation-Prog.-ID_2024.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, Railway Communication 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
			Mr. Surendra Singh Sirohi
			Mr. Arvind Kharabanda
			Dr. (Mr.) Ranjeet Mal Kastia
			Mr. Ajai Kumar
2	**Technical skills/experience**		
	Information Technology	Yes	Mr. Mahendra Nahata
			Mr. Surendra Singh Sirohi
	Marketing	Yes	Mr. Mahendra Nahata
			Mr. Arvind Kharabanda
			Mr. Ajai Kumar
	Accounting and Finance	Yes	Mr. Bharat Pal Singh
			Mr. Ajai Kumar
			Mr. Arvind Kharabanda
	Compliance and Risk	Yes	Mr. Surendra Singh Sirohi
			Mr. Bharat Pal Singh
			Dr. (Ms.) Tamali Sengupta
			Mr. Ajai Kumar
3	**Behavioural Competencies**		
	Integrity and ethical standards	Yes	Mr. Mahendra Nahata
	Mentoring abilities	Yes	Mr. Mahendra Nahata
			Mr. Ajai Kumar
	Interpersonal relations	Yes	Mr. Mahendra Nahata
			Mr. Arvind Kharabanda
			Dr. (Mr.) Ranjeet Mal Kastia
			Mr. Bharat Pal Singh

3. COMMITTEES OF THE BOARD

In terms of the Listing Regulations, the Board of your Company has constituted the following committees as mandatorily required under the provisions of the Act and the Listing Regulations:

1. Audit Committee
2. Nomination, Remuneration and Compensation Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The composition of various Committees of the Board of Directors is also available on the website of the Company and web link for the same is **https://www.hfcl.com/wp-content/uploads/2024/08/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 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 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders, if any, from time to time.
- Any other matter as may be prescribed, from time to time, to be referred to the Audit Committee in terms of the Act/Listing Regulations and the applicable rules, regulations thereto.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management.

Mr. Bharat Pal Singh, Non-Executive Independent Director is the Chairman of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

Upon invitation, the CFO and the Statutory Auditors of the Company attend the meetings of the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the financial year ended March 31, 2024, the Audit Committee met 8 (eight) times on May 08, 2023, June 14, 2023, July 26, 2023, August 31, 2023, October 19, 2023, November 30, 2023, February 01, 2024 and March 29, 2024.

The composition of the Audit Committee and details of meetings attended by its members during the financial year ended March 31, 2024, are given below:

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Bharat Pal Singh	Chairman	8	8
Mr. Surendra Singh Sirohi#	Member	8	8
Dr. (Ms.) Tamali Sengupta	Member	8	8
Mr. Arvind Kharabanda	Member	8	8
Mr. Ajai Kumar#	Member	NA	NA

#Mr. Surendra Singh Sirohi, Non-Executive Independent Director, served as the member of the Audit Committee until 26.08.2024. Since Mr. Sirohi completed his second term as an Independent Director of the Company at the close of business hours on 26.08.2024, the Board of Directors has appointed Mr. Ajai Kumar as the member of the Committee, effective 27.08.2024.

Reporting of Internal Auditor

The Internal Auditor of the Company attends meetings of the Audit Committee and findings of Internal Audits, if any, are reported directly to the Audit Committee.

3.2 Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation (**NRC**) Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

NRC Committee, amongst others, is responsible for determining the Company's policy on recruitment and remuneration of Directors/KMPs, Senior Management Personnel and other employees of the Company.

The terms of reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The brief description of term of reference of NRC Committee, amongst others, includes the following: -

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management Personnel in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal including their remuneration.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, key managerial personnel and other employees.
- To devise a policy on diversity of Board of Directors.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.
- To carry out evaluation of every Directors' performance.
- To administer, implement and superintend the Employees' Long Term Incentive Plan.
- To recommend to the board, all remuneration, in whatever form, payable to senior management personnel.
- To evaluate the balance of skills, knowledge and experience on the Board in relation to every appointment of an Independent Director and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may use the services of an external agencies, if required, consider candidates from a wide range of backgrounds, having due regard to diversity and consider the time commitments of the candidates.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification(s), amendment(s) or modification(s) as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Mr. Surendra Singh Sirohi, Non-Executive Independent Director, served as the Chairman of the NRC Committee until 26.08.2024. Since Mr. Sirohi completed his second term as an Independent Director of the Company at the close of business hours on 26.08.2024, the Board of Directors has appointed Mr. Ajai Kumar, Independent Director as the Chairman of the Committee, effective 27.08.2024. The Company Secretary serves as the Secretary to the Committee.

During the financial year ended March 31, 2024, the NRC Committee met 2 (two) times on May 08, 2023, and July 25, 2023.

The composition of the NRC Committee and details of meetings attended by its members during the financial year ended March 31, 2024 are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Surendra Singh Sirohi#	Chairman	2	2
Mr. Arvind Kharabanda	Member	2	2
Mr. Bharat Pal Singh	Member	2	2
Mr. Ajai Kumar*	Chairman	NA	NA

#ceased to be a director w.e.f. 27.08.2024

*appointed as the Chairman w.e.f. 27.08.2024

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, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasise on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The Policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

The Remuneration Policy applies to Directors, Senior Management Personnel including its Key Managerial Personnel (KMPs) and other employees of the Company. When considering the appointment and remuneration of Whole-time Directors, the NRC Committee inter-alia considers pay and employment conditions in the industry, merit and seniority of person and the paying capacity of the Company.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The NRC Committee also administers, implements and superintend the HFCL Employees' Long Term Incentive Plan-2017 implemented through HFCL Employees' Trust.

Remuneration of Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and also remuneration based on net profit (variable component) to its Managing Director. Annual increments, if any, are recommended by the NRC Committee within the salary scale approved by the Board and the Shareholders of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the variable component payable to the Managing Director out of the net profits for the financial years and within the ceilings prescribed under the Act, considering the criteria such as the market standards, financial performance, liquidity etc. of the Company.

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, 2024. However, the net profit-based commission is determined on the basis of financial performance of the Company and 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 2023-24, 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 in its respective meetings held on May 02 2024 and May 03, 2024 respectively decided to approve an amount of ₹3.0 Crores (Rupees Three Crores Only), towards the payment of net profit-based remuneration for FY2023-24 to the Managing Director.

Remuneration to Executive Director:

(Amount in ₹)

Name of Director	Salary	Perquisites & Allowances	Contribution to PF	Net Profit based Commission	Total
Mr. Mahendra Nahata Managing Director	5,00,00,000	1,44,44,600	60,00,000	3,00,00,000	10,04,44,600

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 6 (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 @₹50,000/- per meeting to its Non-Executive Directors, including Independent Directors, for attending meetings of the Board and/or the Committees thereof.

Considering that there was no revision in the sitting fees in the last five years and also taking into account the experience, qualifications, time spent, services rendered, and role played by the Non-Executive and Independent Directors for the business of the Company, as well as their responsibilities and duties, and prevailing practices in the industry, the Board, on the recommendation of the NRC Committee at its meeting held on May 02, 2024, decided to increase remuneration by way of sitting fee from the existing ₹50,000 to ₹75,000 for each meeting of the Board of Directors and various committees of the Board of Directors, held from time to time, effective May 03, 2024.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

No payment of remuneration by way of commission has been paid to any of the Non-Executive Directors including Independent Directors for the FY24.

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company

Except sitting fee payable to Non-Executive Directors, for attending the Board and/or its committee meetings as may be determined by the NRC Committee or the Board of Directors, from time to time, there is no other pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

Criteria of making payments to Non-Executive Directors

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and/or its committees. The details of remuneration paid to the Executive and Non-Executive Directors during the FY24 are given below:

Remuneration to Non-Executive/Independent Directors:

Name of Director	Sitting Fee (₹)
Non-Executive Directors	
Mr. Arvind Kharabanda	19,50,000
Dr. (Mr.) Ranjeet Mal Kastia	10,50,000
Independent Directors	
Mr. Ajai Kumar	4,50,000
Mr. Bharat Pal Singh	13,00,000
Mr. Surendra Singh Sirohi	10,00,000
Dr. (Ms.) Tamali Sengupta	10,50,000
Total	**68,00,000**

Remuneration of KMPs/ Senior Management Personnel

Remuneration of KMPs and Senior Management Personnel is recommended by the NRC Committee and approved by the Board of Directors. The remuneration of other employees is fixed as per principles outlined above and prevailing HR Policies of the Company.

The Remuneration policy is available on **https://www.hfcl.com/wp-content/uploads/2019/06/Remuneration-Policy.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:

a) Resolution of the grievances of the security holders of the Company including work related to the transfer and 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.

b) Review of measures taken for effective exercise of voting rights by shareholders.

c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

d) 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, 2024, the Stakeholders' Relationship Committee met 05 (five) times on June 05, 2023, October 09, 2023, December 13, 2023, January 12, 2024 and March 06, 2024.

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, 2024, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Arvind Kharabanda	Chairman	5	5
Dr. (Mr.) Ranjeet Mal Kastia	Member	5	5
Dr. (Ms.) Tamali Sengupta	Member	5	5

Nature of Complaints and Redressal Status

During the FY24, 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, transfer/ 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 FY24 are given below:

Number of Shareholders' complaints received during the FY24	60
Number of complaints not resolved to the satisfaction of shareholders as at March 31, 2024	NIL
No. of pending complaints as at March 31, 2024	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 FY24 except in cases which are constrained by disputes and legal impediments.

There were no investor grievances remaining unattended/pending as at March 31, 2024.

The Board, in its meeting held on October 31, 2006, has designated Mr. Manoj Baid, President & Company Secretary, as the Compliance Officer of the Company.

The Board has delegated powers of share transfer and dematerialisation to Mr. Manoj Baid, President & Company Secretary to expedite the process of share transfer/dematerialisation work.

3.4 Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act. The broad terms of reference of the CSR Committee, inter-alia, are as follows:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company.
- Monitoring the CSR project of the Company from time to time.

The Board has adopted a Corporate Social Responsibility (CSR) Policy as formulated and recommended by the CSR Committee. The CSR Policy is available on the website of the Company at **https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Poliicy_2022.pdf**.

The details of the CSR initiatives of the Company and expenditure incurred on it during financial year ended March 31, 2024, 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 September 01, 2023 during the financial year ended March 31, 2024.

Mr. Mahendra Nahata, Managing Director is the Chairman of the CSR Committee. 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, 2024, are given below:

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Nahata	Chairman	01	01
Mr. Surendra Singh Sirohi*	Member	01	01
Mr. Ajai Kumar	Member	01	01
Mr. Bharat Pal Singh*	Member	NA	NA

*Mr. Surendra Singh Sirohi, Non-Executive Independent Director, served as the member of the CSR Committee until 26.08.2024. Since Mr. Sirohi completed his second term as an Independent Director of the Company at the close of the business hours on 26.08.2024, the Board of Directors has appointed Mr. Bharat Pal Singh, Independent Director as a member of the Committee, effective 27.08.2024.

3.5 Risk Management Committee (RMC)

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations. The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company.

The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Roles and Responsibilities of the Risk Management Committee include the followings:

(1) To formulate a detailed risk management policy which shall include:

a. 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.

b. Measures for risk mitigation including systems and processes for internal control of identified risks.

c. Business continuity plan;

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) To appoint, remove and decide terms of remuneration of the Chief Risk Officer (if any);

(7) Any other role/function as may be specified under the provisions of the Listing Regulations, from time to time.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

During the financial year ended March 31, 2024, 02 (two) meetings of the Risk Management Committee were held on September 11, 2023 and March 07, 2024, with intervening gap between two consecutive meetings not exceeding 180 days.

Mr. Mahendra Nahata, Managing Director is the Chairman of the Risk Management Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the Risk Management Committee and details of meetings attended by its members during the financial year ended March 31, 2024, are given below:

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Nahata	Chairman	2	0
Mr. Arvind Kharabanda	Member	2	2
Mr. Bharat Pal Singh	Member	2	2

The Board has adopted a Risk Management Policy as formulated and recommended by the RMC. The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives.

The Policy provides guidelines to define, measure, report, control and mitigate the identified risks, the structure for managing risks inherent in any business operations of the Company and address the key strategic/business risks and operational risks.

4. GENERAL BODY MEETINGS

4.1 Location and time where Annual General Meetings held in the last 3 (three) years are given below:

Financial Year	Date	Location	Time
2022-23	September 30, 2023	Plot No. 38 Sector 32, Gurugram*	11:00 A.M.
2021-22	September 30, 2022	Plot No. 32 Sector 32, Gurugram*	11:00 A.M.
2020-21	September 30, 2021	Plot No. 32 Sector 32, Gurugram*	11:00 A.M.

* In view of the COVID-19 pandemic, the 36th, 35th and 34th 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 and 10/2022 dated December 28, 2022 and the Securities and Exchange Board of India ('SEBI') vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/PCIR/2023/4 dated January 5, 2023.

4.2 The following resolutions were passed as Special Resolutions in previous three AGMs: -

Financial Year	Date	Location
2022-23	September 30, 2023	• To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), aged 81 years, who retires by rotation at the 36th Annual General Meeting and being eligible offers himself for re-appointment
2021-22	September 30, 2022	• To appoint a director in place of Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), aged 75 years, who retires by rotation at the 35th Annual General Meeting and being eligible offers himself for re-appointment
		• To re-appoint Mr. Bharat Pal Singh (DIN: 00739712) as an Independent Director for a second term of three consecutive years.
		• To Issue Securities on a preferential basis.
		• To raise funds.
2020-21	September 30, 2021	• To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), who retires by rotation at the 34th Annual General Meeting and being eligible offers himself for re- appointment.
		• To re-appoint Mr. Surendra Singh Sirohi (DIN: 07595264) as an Independent Director for a second term of three consecutive years.
		• To re-appoint Dr. (Ms.) Tamali Sengupta (DIN: 00358658) as an Independent Director for a second term of three consecutive years.
		• To re-appoint and approve remuneration of Mr. Mahendra Nahata (DIN: 00052898) as a Managing Director and a Key Managerial Personnel of the Company, for a period of three years.
		• To raise funds.

4.3 Postal Ballot

No special resolution was put through Postal Ballot during the FY24.

4.4 Any Special Resolution proposed to be conducted through Postal Ballot

No Special Resolution is proposed to be passed through Postal Ballot.

4.5 Procedure for Postal Ballot

Since, no special resolution is proposed to be passed through Postal Ballot, procedure for postal ballot has not been given.

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 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 officials of the Company who are responsible for assisting and handling investor grievance, etc.

The information required to be disclosed under Regulation 46 of the Listing Regulations, is disseminated at the website of the Company.

5.5 Presentations made to institutional investors or to the analysts

Information which are already in public domain are shared with the institutional investors/financial analyst from time to time. No unpublished price sensitive information is discussed in meeting/presentation with the institutional investors/financial analyst. The Presentations are also uploaded on the Company's website at **www.hfcl.com** and filed with the Stock Exchanges – BSE and NSE, from time to time.

6. GENERAL SHAREHOLDERS' INFORMATION

6.1 Date and time of Annual General Meeting

Monday, September 30, 2024 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, 2023 to March 31, 2024.

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 FY24. 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 Date of Book Closure

From Tuesday, September 24, 2024 to Monday, September 30, 2024 (both days inclusive).

6.5 Registered Office

8, Electronics Complex
Chambaghat
Solan – 173 213
Himachal Pradesh
Tel: +91-1792-230644
Fax: +91-1792-231902

6.6 Corporate Office

8, Commercial Complex
Masjid Moth, Greater Kailash – II
New Delhi – 110 048
Tel: +91-11-3520 9400/9500
Fax: +91-11-3520 9525

6.7 Corporate Identity Number (CIN)

L64200HP1987PLC007466

6.8 Website/ Email

www.hfcl.com

secretarial@hfcl.com/**investor@hfcl.com**

6.9 Depositories

National Securities Depository Limited

4th Floor, 'A' Wing, Trade World
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-24994200
Fax: +91-22-24972993

Central Depository Services (India) Limited

Marathon Futurex, A' Wing, 25th Floor
N.M. Joshi Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-22723333
Fax: +91-22-22723199

6.10 International Securities Identification Number (ISIN)

INE548A01028

6.11 Name and address of Stock Exchanges at which the Company's securities are listed

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001
Tel: +91-22-22721233
Fax: +91-22-22723121

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel: +91-22-26598235
Fax: +91-22-26598237

The Company has paid the listing fees to the above Stock Exchange(s) for the FY25.

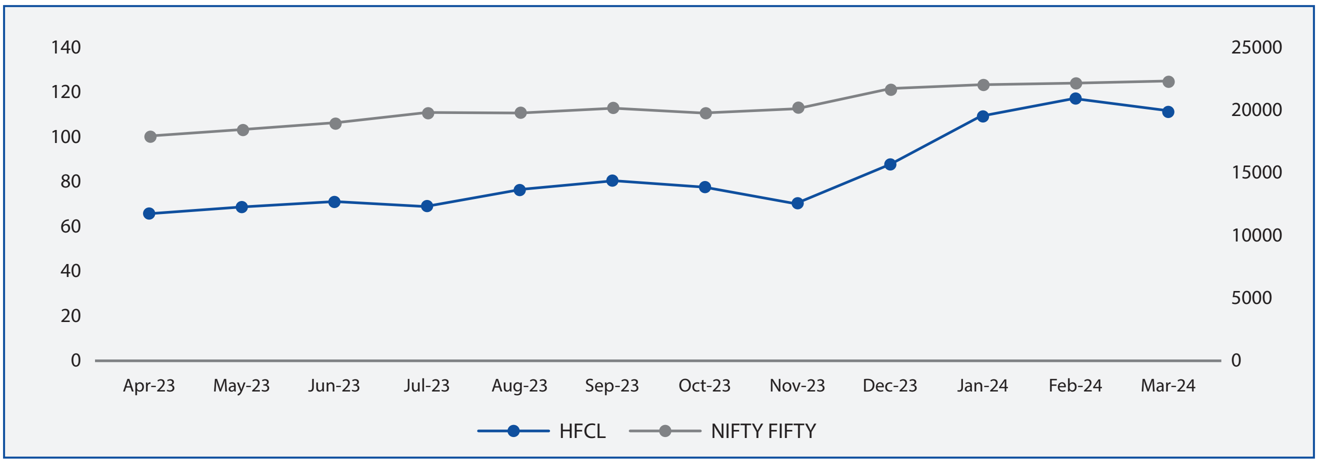
6.12 Stock Codes

BSE:500183
NSE:HFCL

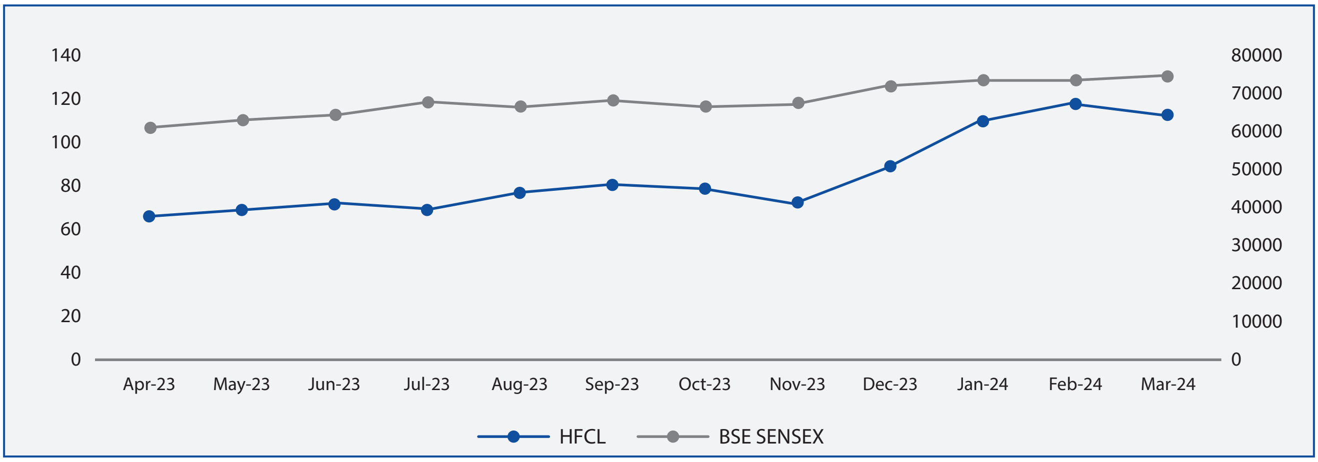
6.13 (a) Stock Market Price Data on NSE and BSE and Performance in comparison to broad-based indices

Month	NSE (Amount in ₹)		NIFTY Fifty		BSE (Amount in ₹)		BSE SENSEX	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
April, 2023	65.70	60.20	18089.15	17312.75	65.70	60.40	61209.46	58793.08
May, 2023	69.20	62.80	18662.45	18042.40	69.15	62.85	63036.12	61002.17
June, 2023	72.30	64.30	19201.70	18464.55	72.27	64.11	64768.58	62359.14
July, 2023	69.35	63.45	19991.85	19234.40	69.35	63.50	67619.17	64836.16
August, 2023	76.90	63.75	19795.60	19223.65	76.85	63.76	66658.12	64723.63
September, 2023	80.95	71.20	20222.45	19255.70	80.95	70.00	67927.23	64818.37
October, 2023	78.25	61.50	19849.75	18837.85	78.20	61.52	66592.16	63092.98
November, 2023	71.25	64.25	20158.70	18973.70	71.20	64.15	67069.89	63550.46
December, 2023	87.40	65.95	21801.45	20183.70	87.30	66.01	72484.34	67149.07
January, 2024	108.80	81.20	22124.15	21137.20	108.80	81.22	73427.59	70001.60
February, 2024	117.80	89.95	22297.50	21530.20	117.75	89.90	73413.93	70809.84
March, 2024	112.30	80.25	22526.60	21710.20	112.20	81.25	74245.17	71674.42

6.13 (b) Performance of Share Price in Comparison to NIFTY FIFTY



6.13 (c) Performance of Share Price in Comparison to BSE SENSEX



6.14 In case, the securities are suspended from trading, reason thereof

Not applicable, since the securities of the Company have not been suspended from trading.

6.15 Registrar and Share Transfer Agents (RTA)

MCS Share Transfer Agent Limited

F-65, 1st Floor, Okhla Industrial Area, Phase-I
New Delhi – 110 020
Tel: +91-11-41406149
Fax: +91-11-41709881
Email: **admin@mcsregistrars.com**

6.16 Share Transmission, Dividend etc.

Share transmission, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent, namely, MCS Share Transfer Agent Limited (RTA).

For lodgement of transmission and transposition and any other documents or for any grievances/complaints, kindly contact any of the office of RTA or of the Company.

Share Transfer – Physical System

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

Effective April 01, 2019, transfer of shares in physical form has ceased. Request for transmission of shares etc. pursuant to SEBI Master Circular **https://www.sebi.gov.in/legal/master-circulars/may-2023/master-circular-for-registrars-to-an-issue-and-share-transfer-agents_71271.html** dated May 17, 2023 shares will continue to be accepted.

However, only letter of confirmation shall be issued and shareholder has to get the shares dematerialised basis this letter.

The total number of equity shares transmitted in physical forms during FY24:

Number of Request	09
Number of Shares	1290

6.17 Distribution of Equity Shareholdings as on March 31, 2024:

Range of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	6,28,823	84.26	7,15,80,208	4.97
501 to 1,000	55,599	7.45	4,57,67,083	3.18
1,001 to 2,000	29,153	3.91	4,49,54,414	3.12
2,001 to 3,000	10,361	1.39	2,68,81,407	1.87
3,001 to 4,000	4,794	0.64	1,74,05,341	1.21
4,001 to 5,000	4,749	0.64	2,27,30,930	1.58
5,001 to 10,000	6,903	0.93	5,21,12,116	3.62
10,001 to 50,000	4,826	0.65	9,96,76,244	6.92
50,001 to 1,00,000	548	0.07	3,90,40,708	2.71
Above 1,00,000	506	0.07	1,02,08,24,361	70.84
Total	**7,46,262**	**100.00**	**1,44,09,72,812**	**100.00**

6.18 Categories of Equity Shareholding as on March 31, 2024:

Category				No. of Shares	% Shareholding
A	**Promoters Holding**				
1	Indian Promoters			54,29,81,892	37.68
2	Foreign Promoters			-	-
	Sub Total (A)			**54,29,81,892**	**37.68**
B	**Public Shareholding**				
1	Institutional Investors				
	(a)	Mutual Funds/UTI		7,81,97,421	5.43
	(b)	Venture Capital Funds		-	-
	(c)	Alternate Investment Funds		2,72,100	0.02
	(d)	Foreign Venture Capital Investors		-	-
	(e)	Foreign Portfolio Investors		11,02,93,866	7.66
	(f)	Financial Institutions and Banks		2,450	0.00
	(g)	Insurance Companies		33,38,941	0.23
	(h)	NBFCs registered with RBI		2,34,81,519	1.63
	(i)	Any Others (specify)		5,305	0.00
	Sub Total (B1)			**21,55,91,602**	**14.97**
2	**Central Government/State Government(s)/President of India**			6,634	0.00
	Sub Total (B2)			**6,634**	**0.00**
3	**Non-Institutional Investors**				
	(a)	Indian Public		45,48,31,468	31.57
	(b)	Employee Trusts		-	-
	(c)	Overseas Depositories (holding DRs)		-	-
	(d)	Any Other			
		(i)	Bodies Corporates	16,53,16,263	11.47
		(ii)	OCBs	38,250	0.00
		(iii)	NRIs	1,09,85,972	0.76
		(iv)	Trusts	56,109	0.00
		(v)	Directors and their Relatives	6,000	0.00
		(vi)	Key Managerial Personnel	21,51,000	0.15
		(vii)	Relatives of promoters	12,240	0.00
		(viii)	HUF	2,70,09,417	1.88
		(ix)	Clearing Member	2,10,67,165	1.46
	Sub Total (B3)			**68,14,73,884**	**47.29**
	Total Public Shareholding (B = B1+B2+B3)			**89,70,72,120**	**62.26**
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			9,18,800	0.06
	Total Non-Promoter – Non-Public Shareholders (C=C1+C2)			**9,18,800**	**0.06**
	Grand Total (A+B+C)			**1,44,09,72,812**	**100.00**

6.19 Dematerialisation of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as Dematerialisation.

For dematerialising the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/

CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialised and an electronic credit of shares is given in the account of the Shareholder.

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines.

As on March 31, 2024, 99.97% of the equity shares have been dematerialised. The equity shares of the Company are frequently traded on BSE and NSE, having nationwide trading terminals, and hence provide liquidity to the investors.

Shares in Physical and Demat form as on March 31, 2024	No. of Shares	Percentage
In Physical Form	4,76,400	0.03%
In Dematerialised Form	1,44,04,96,412	99.97%
Total	**1,44,09,72,812**	**100.00%**

No. of shareholders whose shares as on March 31, 2024 are in Physical and Demat form:	No. of Shareholders	Percentage
In Physical Form	3,397	0.46%
In Dematerialised Form	7,42,865	99.54%
Total	**7,46,262**	**100.00%**

6.20 Outstanding GDRs/ADRs or warrants or any Convertible Instruments, conversion date and any likely impact on equity

The Board of Directors and the Shareholders of the Company at their meetings held on September 2, 2022 and September 30, 2022 respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**) and the Companies Act, 2013 and the rules made thereunder.

Pursuant to the aforesaid resolutions of the Board of Directors of the Company and the special resolution passed by the shareholders of the Company in their 35th Annual General Meeting, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations (**"Issue"**), and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One crore Forty One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price).

The Company had received an upfront amount of ₹20/- (Rupees Twenty Only), per warrant which is equivalent to 25% of Warrant Exercise Price, being the warrants subscription price aggregating to ₹28,20,00,000/-. The Warrant Holders were required to make payments of balance 75% of the Warrants Exercise Price, at the time of exercise of the right attached to Warrant(s) to subscribe to equity share(s). The tenure of Warrants was not to have exceeded 18 (eighteen) months from the date of allotment. If the entitlement against the Warrants to apply for the equity shares of the Company was not exercised by the Warrant Holders within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant holder to apply for equity shares of the Company along with the rights attached thereto was to expire and any amount paid by the Warrant Holders on such Warrants was to be forfeited by the Company.

Furthermore, on receipt of balance 75% of the Warrant Exercise Price from the Warrant holders, the Allotment Committee (Warrants) of the Board of the Company at its meetings held on February 07, 2024 and March 22, 2024, had approved the allotment of 1,00,00,000 and 22,00,000 equity shares respectively, to certain persons belonging to promoter and non-promoter category who have exercised all their warrants. Following the end of the financial year, the Allotment Committee (Warrants) of the Board in its meeting held on April 11, 2024, approved the allotment of 17,00,000 equity shares to certain persons belonging to non-promoter category being senior leadership team.

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

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

The Company has not issued any Global Depository Receipts or American Depository Receipts or any other convertible instruments except as disclosed above, during the year under review.

6.21 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 July 11, 2023 is not required to be given.

During the FY24, 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.

6.22 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

6.23 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
F-65, 1st Floor
Okhla Industrial Area, Phase-I
New Delhi-110 020
Tel: +91-11-41406149-52
Fax: +91-11-41709881
Email: **admin@mcsregistrars.com**

Secretarial Department and Investor Relations/ Nodal Officer

Mr. Manoj Baid

President & Company Secretary
8, Commercial Complex, Masjid Moth
Greater Kailash- II New Delhi – 110048
Tel: +91-11-35209400
Fax: +91-11-29226015
Email: **investor@hfcl.com**

6.24 SEBI Complaints Redress System (SCORES)

The investors' complaints received by SEBI are being processed through its centralised web base complaint redressal system. The salient features of SCORES are, availability of centralised database of the complaints and uploading online action taken reports by the Company. Through SCORES, the investors can view online, the action taken and current status of their complaints.

SEBI vide its Circular dated September 20, 2023 have streamlined the process of filing investor grievances in the SCORES and also linking it to Online Dispute Resolution (ODR) Platform in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at: **https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform_77159.html**.

6.25 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 July 03, 2023, had enhanced the credit rating for the short term bank facilities and reaffirmed for long term bank facilities of the Company.

Care has also withdrawn the credit rating for the Non-Convertible Debentures (NCDs) of the Company since the Company had already repaid its NCDs in full and there is no outstanding NCD as on date.

The details of Credit ratings assigned to the Company for bank facilities are as under: -

Instrument/ Facility	Ratings	Rating Action
Long term Bank Facilities	Care A; Stable (Single A; Outlook: Stable)	Reaffirmed
Short term Bank Facilities	CARE A1; (A One)	Enhanced from CARE A2+ (A Two Plus)

Further, CARE vide its letter dated August 21, 2024 has also reaffirmed the above credit ratings for the long-term and short-term bank facilities of the Company.

Infomerics Valuation and Rating Pvt. Ltd. (RBI & SEBI Registered Credit Rating Agency) vide its letter dated February 05, 2024, had reaffirmed the credit ratings for the long term and short-term Bank facilities of the Company, the details of which are given below:

Instrument/Facility	Ratings	Rating Action
Long Term Fund Based Bank Facilities – Term Loans	IVR A/Stable (IVR A with Stable Outlook)	Reaffirmed
Long Term Fund Based Bank Facilities – Cash Credit	IVR A/Stable (IVR A with Stable Outlook)	Reaffirmed
Short Term Non-Fund Based Bank Facilities – LC/BGs	IVR A1 (IVR A One)	Reaffirmed

7. OTHER DISCLOSURES

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

There is no material significant transaction entered into with any of the related parties that may have conflict with the interest of the Company.

Attention of the members is drawn to the disclosures of transactions with related parties set out in **Note No. 51** of the Standalone Financial Statements forming part of the Annual Report.

7.2 Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years

The Company has complied with the requirements of the stock exchange(s)/SEBI and statutory authorities on all matters related to the capital market during the last three years. There were no material penalties or strictures imposed on the Company by stock exchange(s) or SEBI or any statutory authorities relating to the above except as disclosed below.

Date	Regulation/ Observation of Stock Exchanges	Reason for Non-Compliance	Period	Penalty
November 22, 2021 February 21, 2022	Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: There is no Chairperson on the Board of HFCL Limited, but the number of independent directors is 3 which is less than half of the BoDs strength	Falling short of one independent director w.e.f May 04, 2021 till November 24, 2021, on account of unfortunate demise of Mr. M. P. Shukla, Non-Executive Chairman on May 04, 2021.	Quarter ended September 30, 2021 Quarter ended December 31, 2021 (till November 24, 2021)	₹2,90,000/- (excluding applicable GST) levied by NSE & BSE, each. ₹2,75,000/- (excluding applicable GST) levied by NSE & BSE, each.
March 26, 2024	SEBI Circular bearing number SEBI/ HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019: Delay in submission of Trading Application with BSE Limited 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 NSE.	For the FY ended March 31, 2024.	BSE vide its email dated March 26, 2024, levied a fine of ₹80,000/- (excluding applicable GST).

The Company had already appointed an Independent Director, namely, Mr. Ajai Kumar, w.e.f. November 25, 2021, pursuant to resolution dated November 25, 2021, passed through circulation by the Nomination, Remuneration & Compensation Committee and the Board of Directors of the Company and subsequently by the Shareholders of the Company at their Extra-Ordinary General Meeting held on March 07, 2022.

The Company has submitted the Trading Application with 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, 2022, March 31, 2023 and March 31, 2024 except as stated above.

7.3 Details of establishment of Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy and has established the necessary vigil mechanism as stipulated under Section 177(9) of the Act and Regulation 22 of the Listing Regulations.

The management of the Company, through this Policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in.

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

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 links: **https://www.hfcl.com/wp-content/uploads/2021/07/HFCL-Policy-on-Determining-Material-Subsidiaries_Revised.pdf**.

Details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries are as under:

Name of Material Subsidiary	Name of statutory auditors	Date of appointment of statutory auditors	Date of Incorporation	Place of Incorporation
HTL Limited	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	August 07, 2020	December 14, 1960	Chennai, Tamil Nadu, India

Subsidiary companies

The Company has 10 (ten) subsidiaries as on March 31, 2024, out of which 1 (one) is a material subsidiary i.e., HTL Limited, in terms of Regulation 16 of the Listing Regulations. The Company has also appointed one independent director of the Company, namely, Dr. (Ms.) Tamali Sengupta (DIN: 00358658), on the Board of HTL Limited as an Independent Women Director.

The Audit Committee reviews the financial statements including investments made by the unlisted subsidiaries of the Company.

The Management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

The Minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company periodically.

7.5 Web-link where policy on dealing with related party transactions is disclosed

The Company has adopted a Policy for Dealing with and Materiality of Related Party Transactions, which has been uploaded on the Company's website and can be accessed at the following link: **https://www.hfcl.com/wp-content/uploads/2022/06/HFCL-Policy-on-RPTs_Revised.pdf**.

7.6 Dividend Distribution Policy

The Board of Directors has adopted Dividend Distribution Policy under Regulation 43A of the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed through the following link: **https://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.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 FY24.

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 October 19, 2023 and February 01, 2024 and the Committee had imposed penalty on all the defaulters, which was deposited in 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 FY24 are given below:

Sr. 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	9,00,000
				Any other charges	13,12,682
			M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	65,00,000
				Limited Review Fees	9,00,000
				Certification Fees	4,05,000
				Tax Audit	10,00,000
				ITR Filling Fee	1,25,000
				Any other charges	22,33,530
2.	HTL Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	15,00,000
				Limited Review Fees	3,00,000
				Tax Audit & Certification Fees	4,30,000
				Travel & Boarding Expenses	32,307
				ITR Filling	25,000
3.	Polixel Security System Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	5,00,000
				Limited Review Fees	1,50,000
				Certification Fees	3,000
4.	HFCL Advance Systems Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	23,600
5.	Raddef Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	1,00,000
6.	HFCL Technologies Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	40,000
	Total				**2,29,80,119**

7.10 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with relevant rules framed thereunder, Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C. P. No. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the FY24.

A Secretarial Audit Report given by the Secretarial Auditor in Form No. MR-3 is annexed as **Annexure – C** to the Directors' Report which forms the part of this Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for the FY24 except about the non-compliance of SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019 *i.e. delay in submission of Trading Application with BSE Limited by 4 (four) days.*

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.

Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 read with Regulation 24A of the Listing Regulations, directed listed entities to conduct annual secretarial compliance audit from a practicing company secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The Secretarial Compliance Report is in addition to the Secretarial Audit Report (Form No. MR–3) issued by practicing company secretaries and is required to be submitted to Stock Exchanges within 60 days of the end of every financial year.

Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C. P. No. 3169, the Secretarial Auditor, has issued the Secretarial Compliance Report for the financial year ended March 31, 2024 and the same has already been filed with BSE and NSE, stock exchanges, where the shares of the Company are listed and also published on the website of the Company at **https://www.hfcl.com/wp-content/uploads/2023/05/HFCL_STX_ASCR_03052024.pdf**

7.11 Secretarial Certificates

(i) Pursuant to Regulation 40(9) of the Listing Regulations, certificate on yearly basis, has been issued by a Company Secretary in- Practice certifying that all share certificates have been issued within the time prescribed under the Listing Regulations for lodgment for transmission, transposition, sub-division, consolidation, renewal and exchange etc., till the same was permissible.

(ii) 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 2023 at their respective jurisdictional office, as required under Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The following is the summary of the complaints received and disposed-off during FY24:

a) **No. of complaints filed during the financial year:** Nil

b) **No. of complaints disposed-off during the financial year:** Nil

c) **No. of complaints pending as on the end of 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 2024-25 (tentative and subject to change):

- Financial Reporting for the first quarter ending June 30, 2024: Already approved by the Board of Directors at its meeting held on July 24, 2024.
- Financial Reporting for the second quarter and half year ending September 30, 2024: On or before second week of November, 2024.
- Financial Reporting for the third quarter ending December 31, 2024: On or before second week of February, 2025.
- Audited Accounts for the year ending March 31, 2025: On or before last week of May 30, 2025.
- Annual General Meeting for the year ending March 31, 2025: On or before September 30, 2025.

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 except recommendation made by the NRC Committee at its meeting held on May 08, 2023 regarding payment of remuneration based on the net profits of the Company to its Managing Director.

While discussing the said recommendation at the Board meeting held on May 08, 2023, Mr. Mahendra Nahata, Promoter & Managing Director of the Company, expressed his desire to put away any such proposals relating to payment of remuneration based on net profits as part of his overall remuneration at this point of time and instead suggested that such money should be utilised for the benefits of needy employees of the Company.

The Board was pleased with the commitment and outlook of Mr. Nahata towards the HFCL family and accordingly, this business item was dropped out.

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 except about the non-compliance of SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019 i.e. delay in submission of Trading Application with BSE Limited by 4 (four) days.

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.

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) Shareholder Rights:

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.

(b) **Un-Modified opinion(s) in Audit Report:**

The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the Financial Statements.

(c) **Reporting of Internal Auditor:**

The Internal Auditor of the Company directly reports to the Audit Committee.

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

SEBI vide its Master circular dated May 17, 2023 in supersession of earlier circulars has mandated listed companies to have PAN, KYC, bank details and Nomination of all shareholders holding shares in physical form. Folios wherein any one of the cited details/documents (i.e., PAN, KYC, Bank details and Nomination) are not available with us, on or after October 01, 2023, shall be frozen as per the aforesaid SEBI circular. To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

Further, as you may be aware that SEBI vide its circular dated November 03, 2021 read with circulars dated December 14, 2021, November 17, 2023, May 7, 2024 and June 10, 2024 has mandated that the security holders holding shares in physical form but have not updated their PAN or Contact Details or Mobile Number or Bank Account Details or Specimen Signature, then the dividend amount shall be paid only through electronic mode to such security-holders with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

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 and May 25, 2023.

In respect of members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination are requested to contact their respective Depository Participants.

7.20 Details of utilisation of funds raised through Qualified Institutional Placement and Preferential Issue

During the FY24, the Company had allotted 5,10,14,491 equity shares through Qualified Institutional Placement (**"QIP"**) at a price of ₹69.00/- per Equity Share (the **"Issue Price"**) (including premium of ₹68.00/- per Equity Share) against receipt of full payment of application monies in Escrow Account of the Company, aggregating to ~₹ 352 crores (Indian Rupees Three Hundred Fifty Two crores 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 as mentioned hereunder:

Particulars	Amount (₹ in crores)
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, (b) Research and Development Expenditure, (c) Repayment/prepayment of short term borrowings, (d) Funding working capital requirements and (e) General corporate purposes	268.21
Unutilised Amount as at March 31, 2024	**74.48**

Further, the Board of Directors and the Shareholders of the Company at their meetings held on September 2, 2022 and September 30, 2022 respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**) and the Companies Act, 2013 and the rules made thereunder.

Pursuant to the aforesaid resolutions of the Board of Directors of the Company and the special resolution passed by the shareholders of the Company in their 35th Annual General Meeting, the Private Placement Offer Cum Application Letter (PAS-4) dated

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

The Company had received an amount of ₹20/- (Rupees Twenty Only), per warrant which is equivalent to 25% of Warrant Exercise Price, being the warrants subscription price aggregating to ₹28,20,00,000/-.

Furthermore, on receipt of balance 75% of the Warrant Exercise Price from the Warrant holders, the Allotment Committee (Warrants) of the Board of the Company at its meetings held on February 07, 2024 and March 22, 2024, had approved the allotment of 1,00,00,000 and 22,00,000 equity shares respectively, to certain persons belonging to promoter and non-promoter category who have exercised all their warrants. Following the end of the financial year, the Allotment Committee (Warrants) of the Board in its meeting held on April 11, 2024, approved the allotment of 17,00,000 equity shares to certain persons belonging to non-promoter category being senior leadership team.

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

The proceeds of funds raised under preferential issue of the Company during FY24 were utilised as per Objects of the Issue during FY24 as mentioned hereunder:

Particulars	Amount (₹ in crores)
Gross Proceeds received under Preferential Issue	73.20
Less: Issue Expenses	Nil
Net Proceeds received under Preferential Issue	73.20
Amount utilised for funding working capital requirements	73.20
Unutilised Amount as at March 31, 2024	**Nil**

7.21 Disclosure of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

During the FY24, 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, 2024 are mentioned hereunder:

Sr. No.	Name of Senior Management Personnel	Designation
1.	Mr. Alok Chander	Associate Vice President – Marketing
2.	Mr. Baburaj Eradath	Vice President – Administration & MDs Office
3.	Mr. Devender Kumar	Executive President – Project Delivery
4.	Mr. Harshwardhan Pagay	Executive President – OFC
5.	Mr. Jayanta Dey	Executive President – 5G
6.	Mr. Jitendra Singh Chaudhary	Executive President – Communications
7.	Mr. Manish Gangey	Executive President – Head of Product Management for Communication products
8.	Mr. Manoj Baid	President & Company Secretary
9.	Mr. Nand Lal Garg	President – Supply Chain
10.	Mrs. Neelu Chandra	Vice President – CSR & Spark Programme
11.	Mr. Prakash Chand Gulgulia	Vice President – Finance & Accounts

Sr. No.	Name of Senior Management Personnel	Designation
12.	Mr. Rajesh Jain	Executive President – Telecom EPC Projects
13.	Mr. Sampathkumaran S.T.	Executive President – Defence
14.	Mr. S. K. Garg	Executive Director – Growth Strategy
15.	Mr. Sanjay Vithalrao Jorapur	President – Human Resource
16.	Mr. Sunil Kumar Pandey	Chief Information Officer
17.	Mr. Sunil Kumar Kulshrestha	Executive President
18.	Mr. Sushil K Wadhwa	President – Commercial
19.	Mr. Sunil Seth	Vice President – Strategy
20.	Mr. V R Jain	Chief Financial Officer

Changes in the senior management during the year ended as on March 31, 2024, are mentioned hereunder:

Sr. No.	Name of Senior Manage-ment Personnel	Designation	Date of Joining	Date of Leaving
1.	Mr. Sampath kumaran S.T.	Executive President – Defence	March 07, 2024	-
2.	Mr. Brij Bhushan Singh	Executive President- Defence	-	August 18, 2023
3.	Mr. Manish Gangey	Executive President – Head of Product Management for Communication products	June 15, 2023	-

7.23 Disclosure of certain types of agreements binding listed entities

During the FY24, there are no agreements which required to be disclosed as per 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 and/or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses, so that all communication with them can be made in electronic mode and we can make some contribution to protect the environment.

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 2023-24.

Mahendra Nahata
Managing Director

Date : May 03, 2024

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
HFCL Limited
CIN: L64200HP1987PLC007466
8, Electronics Complex, Chambaghat
Solan – 173 213 (Himachal Pradesh)

I have examined the compliance of conditions of Corporate Governance by HFCL Limited (**"the Company"**), for the year ended on March 31, 2024, as stipulated under Regulation 17 to 27 and clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"Listing Regulations"**).

The compliance of conditions of corporate governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name	**: CS BALDEV SINGH KASHTWAL**
FCS No.	**: 3616**
C. P. No.	**: 3169**
ICSI – UDIN	**: F003616F001097203**
ICSI Peer Review Certificate No.	**: 1205/2021**
ICSI – Unique Identification No.	**: I1999DE144000**

Date: September 2, 2024
Place: New Delhi

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
HFCL Limited
8, Electronics Complex, Chambaghat,
Solan – 173 213 (Himachal Pradesh)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HFCL Limited, having CIN: L64200HP1987PLC007466 and having registered office at 8, Electronics Complex, Chambaghat, Solan – 173 213 (Himachal Pradesh) (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal **www.mca.gov.in**] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:-

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Mr. Mahendra Nahata	00052898	11/05/1987
2.	Mr. Arvind Kharabanda	00052270	31/10/2004
3.	Dr. (Mr.) Ranjeet Mal Kastia	00053059	07/02/1996
4.	Mr. Surendra Singh Sirohi*	07595264	27/08/2018
5.	Dr. (Ms.) Tamali Sengupta	00358658	24/12/2018
6.	Mr. Bharat Pal Singh	00739712	21/01/2020
7.	Mr. Ajai Kumar	02446976	25/11/2021

* Mr. Surendra Singh Sirohi, Non-Executive Independent Director, completed his second term as an Independent Director and ceased to be a director of the Company w.e.f. 27.08.2024.

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	**: F003616F001097214**
ICSI Peer Review Certificate No.	**: 1205/2021**
ICSI – Unique Identification No.	**: I1999DE144000**

Date: September 2, 2024
Place: New Delhi

Business Responsibility and Sustainability Report ("BRSR")

SECTION A- GENERAL DISCLOSURES

I. Details of the Company

S. No.	Question	Responses
1.	**Corporate Identity Number (CIN) of the Listed Entity**	L64200HP1987PLC007466
2.	**Name of the listed entity**	HFCL Limited
3.	**Year of incorporation**	11/05/1987
4.	**Registered Office Address**	8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213
5.	**Corporate Address**	8, Commercial Complex, Masjid Moth, Greater Kailash- II, New Delhi-110048
6.	**E-mail**	secretarial@hfcl.com
7.	**Telephone**	+91-11-35209400
8.	**Website**	www.hfcl.com
9.	**Financial year for which reporting is being done**	April 1, 2023- March 31, 2024
10.	**Name of the Stock Exchange(s) where shares are listed**	National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)
11.	**Paid-up Capital**	₹144.10 Crore
12.	**Name and contact details (telephone, email address) of the person who may be contacted in case of any 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 the assurance provider**	Not Applicable
15.	**Type of the assurance obtained**	Not Applicable

II. Product/ Services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of main activity	Description of business activity	% of turnover of the entity
1.	Telecom Products	Manufacturing of optical fiber, optical fiber cables and telecom & networking products	34.73%
2.	Turnkey Contract and Services	Engineering, Procurement and Construction Services	65.27%

17. Products/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	27.30%
2.	Turnkey Contracts and Services	42202	65.27%
	Total		**92.57%**

Footnote: 7.43% is contributed by manufacturing of other products (excluding OFC manufacturing) under the activity telecom products.

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	3	81	84
International	0	9*	9

*Including the offices of subsidiaries.

19. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States/ Union Territories)	Pan India
International (No. of Countries)	HFCL exports its products to over 45 countries, including Germany, France, Denmark, Ireland, Austria, Finland, Italy, United Kingdom (UK), Portugal, Spain, 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 FY2023-24, exports contributed 11% to the total turnover of the Company.

c. A brief on type of customers

HFCL is a leading technology company specialising in creating digital networks for telecommunications companies, enterprises, and government entities. Our diverse customer base includes Telecom Operators, Internet Service Providers, Public Sector Undertakings, State Government Undertakings, System Integrators, Railways, Defense Services, and more. The Company has state-of-the-art Optical Fiber and Optical Fiber Cable manufacturing plants in Hyderabad, and an Optical Fiber Cable manufacturing plant in Goa.

IV. Employees

20. Details as on March 31, 2024:

a. Employees and Workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent employees	1,929	1,803	93%	126	7%
2.	Other than permanent employees	332	325	98%	7	2%
3.	**Total employees (1+2)**	**2,261**	**2,128**	**94%**	**133**	**6%**
Workers						
4.	Permanent workers	185	160	86%	25	14%
5.	Other than permanent workers	1,101	1,035	94%	66	6%
6.	**Total Workers (4+5)**	**1,286**	**1,195**	**93%**	**91**	**7%**

- 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:**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently Abled Employees						
1.	Permanent	1	1	100%	0	0.0%
2.	Other than permanent	0	0	0.0%	0	0.0%
3.	**Total employees (1+2)**	**1**	**1**	**100%**	**0**	**0.0%**
Differently Abled Workers						
4.	Permanent	0	0	0.0%	0	0.0%
5.	Other than permanent	0	0	0.0%	0	0.0%
6.	**Total Workers (4+5)**	**0**	**0**	**0.0%**	**0**	**0.0%**

21. **Participation/ Inclusion/ Representation of women**

	Total (A)	Number of Female (B)	Percentage (B/A)
Board of Directors	7	1	14%
Key Management Personnel*	2	0	0%

*Excluding Managing Director who has been included in Board of Directors category.

22. **Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

	FY2023-24			FY2022-23			FY2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	14.0%	1.0%	15.0%	17.0%	0.6%	17.6%	15.3%	0.2%	15.5%
Permanent workers	0.5%	0.2%	0.7%	22.0%	0.4%	22.4%	10.8%	0.2%	11.0%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. 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 indicate 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. (w.e.f. October 26, 2023)#	Step-down subsidiary	100%	No
11	Blue Diwali Sp. z.o.o.** (w.e.f. May 17, 2024)	Step-down subsidiary	100%	No
12	HFCL UK Limited*** (w.e.f. July 05, 2024)	Step-down subsidiary	100%	No
13	Nimpaa Telecommunications Private Limited	Associate	50%	No
14	BigCat Wireless Private Limited	Associate	40.79%	No

Note: *HFCL Limited holds 90% shareholding directly and balance 10% held through Polixel Security Systems Private Limited, a wholly owned subsidiary of HFCL Limited.

**HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands, has acquired 100% stake in Blue Diwali Sp. z.o.o., a company registered in state of Warsaw, Poland. Consequently, Blue Diwali Sp. z.o.o., has become a wholly owned subsidiary of HFCL B.V., and also a step-down wholly owned subsidiary of the Company w.e.f. May 17, 2024

***HFCL B.V., a wholly owned subsidiary of HFCL Limited in the Netherland, has established a wholly owned subsidiary company namely HFCL UK Limited in the United Kingdom (UK). Consequently, HFCL UK Limited has also become a step down wholly owned subsidiary of the Company w.e.f. July 05, 2024.

HFCL B.V., a wholly owned subsidiary of HFCL Limited in the Netherlands, has established a wholly owned subsidiary company namely HFCL Canada Inc. in Canada. Consequently, HFCL Canada Inc. has also become a step down wholly owned subsidiary of the Company w.e.f. October 26, 2023.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes

ii) Turnover (in ₹): 4,074.59 Crore

iii) Net worth (in ₹): 3,821.70 Crore

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 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 FY2023-24			Previous FY2022-23		
		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. The duty for handling community grievances is delegated to the CSR Project Partners in the Memorandum of Understanding (MoU), who efficiently manage the complaints, if any, in a collaborative way in accordance with the laid-down guidelines.	0	0	No Complaints filed.	0	0	No Complaints filed.
Investors and Shareholders	Yes. The Company has 'Whistleblower Policy' in place available at: **https://www.hfcl.com/wp-content/uploads/2020/01/HFCL-Whistle-Blower-Policy_Revised1.pdf** **Mechanism for Grievance Redressal:** The Company has a grievance redressal procedure in place to handle complaints from various stakeholders, such as investors and shareholders. During the year, the Company has responded to investor grievances/correspondence within 15 days of receipt of the same except in cases which were constrained by disputes and legal impediments.	60	0	All Complaints Resolved.	40	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.	1	0	All Complaint Resolved.
Contract Labourer's		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 FY2023-24			Previous FY2022-23		
		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
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**	0	0	No Complaints filed.	0	0	No Complaints filed.
Value Chain Partners	Yes. Complaints are filed with their respective account managers within the OFC Business Unit (BU). These issues receive immediate attention and are resolved within 24-hours. The Communication BU addresses these concerns within a set time limit, namely 12 hours. If an issue remains unresolved for whatever reason, an escalation matrix with a third level has been established. This ensures that the matter is resolved at that level 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**)	4	0	All Complaints resolved.	1	0	Complaint Resolved.
Implementation Partner (NGOs)	Yes. The mechanism for raising, addressing, and resolving grievances/issues with partners is clearly defined in each MoU with our CSR Project partner.	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 opportunity (Indicate positive or negative implications)
1	Innovation Management	Opportunity	The Company emphasises creating a supportive environment and enhancing investment in Research & Development (R&D) to innovate products, services, and solutions. The innovation management offers a competitive edge by differentiating products, driving expansion and growth through new revenue streams, and improving operational efficiency. This approach ensures long-term success and adaptability in a changing market.	-	Positive
2	Data Privacy and Cyber Security	Risk and Opportunity	Ensuring the security of sensitive and confidential information, along with respecting individuals' rights to control the collection, use, and sharing of their personal data, are crucial priorities. Being a tech driven Company, ensuring data security are the top priorities to safeguarding sensitive information and honouring individuals' rights of data privacy.	Implementing measures and processes that are specifically designed to secure, protect, and safeguard information at every level is a top priority for our Company. We strictly collect only relevant information intended for business purposes in a secure manner. Our Company maintains an IT management system which is ISO/IEC 27001:2013 and ISO/IEC 27701:2019 certified. We have required policies and frameworks in place to govern and oversee data security practices comprehensively. Additionally, we conduct regular checks for regulatory compliance, update existing policies and frameworks as needed, and conduct risk awareness sessions to ensure robust data security measures are in place.	Negative
3	Employee Growth, Training, and Learning & Development	Opportunity	The Company endeavours to offer employees opportunities to improve their skills, knowledge, and capabilities through training, education, and professional development programs. HFCL is committed to the advancement and well-being of its workforce by focusing on employee growth and development as part of our social responsibility.	-	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity.	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate Change	Risk	ESG disclosures bring clarity to the Company's climate risk exposure, detailing the strategies used to mitigate and adapt to these challenges. This encompasses supply chain disruptions, operational risks, and asset management complexities due to extreme weather events. These risks can increase costs, while transition risks may decrease market value and investor confidence amid regulatory changes.	HFCL prioritises its strategies and actions to mitigate climate change related risks and to anchor for sustainable development.	Negative
5	Sustainable Supply Chain	Risk & Opportunity	The Company acknowledges that risks of supply chain disruption may arise from factors such as climate change, geopolitical factors, or shortages in raw materials.	The Company's vertical and horizontal integration business model ensures a consistent and optimised supply chain, enhancing efficiency and reducing costs. The Company is building resilience by implementing sustainable practices to combat climate change, diversifying suppliers to reduce geopolitical stresses and obtaining alternate sources to handle raw material shortages.	Positive
6	Occupational Health and Safety	Risk & Opportunity	HFCL strives to protect its stakeholders, including employees, customers, and business partners, from various risks and hazardous environments. We are committed to creating a safe and healthy workplace for everyone.	The Company ensures to maintain a safe, hazard free and healthy work environment for its employees and workers by adhering to healthy standards, norms, regular safety training and risk awareness sessions.	Negative
7	Waste Management	Opportunity	Waste management encompasses generation, segregation, disposal, and the related impacts. The Company focuses on minimising waste generation by implementing source reduction strategies. This includes practices such as reducing packaging, optimising processes, and promoting recyclability, reusability of products, thereby adopting circularity measures within business operations.	HFCL complies with all regulatory requirement applicable for management of hazardous and non-hazardous waste.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity.	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Diversity and Inclusion	Opportunity	HFCL strive to establish an environment that is inclusive, respectful, and empowering for individuals from a variety of socio-economic backgrounds, cultures, identities, and perspectives. Our organisation is dedicated to cultivating a just and equitable society and workplace by prioritising diversity and inclusion.	-	Positive

SECTION B- MANAGEMENT AND PROCESS DISCLOSURES

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
	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)*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	https://www.hfcl.com/company-facts								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	At HFCL, the appropriate policies are triggered down value chain partners as deemed to enhance resource efficiency and drive community development and engagement initiatives.								

*The policies are reviewed and approved by Board of Directors of the Company or Company's Head of Departments and signed off by MD, as deemed appropriate.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 9001:2015 – Quality Management System at Corporate Office at Delhi, Goa Plant, Hyderabad Plant and Solan Plant. • TL9000:2016 – Quality Management System (Telecom Industry specific) at Goa Plant and Hyderabad Plant. • ISO 10002:2018 – Complaint Management System, Quality management at Goa Plant and Hyderabad OF Plant. • ISO 14001:2015 – Environmental Management System at Goa Plant, Hyderabad Plant and Solan Plant. • ISO 45001:2018 – Occupational Health and Safety Management System at Goa Plant, Hyderabad Plant, and Corporate Office at Delhi. • ISO/IEC 27001:2013 – Information Technology — Security Techniques — Information Security Management systems —at Corporate Office at Delhi, Gurugram Office, Goa Plant and Hyderabad Plant. • ISO/IEC 27701:2019 – Privacy Information Management System (PIMS) at Goa Plant, Hyderabad Plant, Corporate Office at Delhi, and Gurugram Office. • ISO/IEC 20000-1:2018 – Information Technology – Service Management System at Goa Plant, Hyderabad Plant, Corporate Office at Delhi and Gurugram Office. • ISO/IEC 17025:2017 – General Requirements for the Competence of Testing & Calibration Laboratories at Goa Plant and Hyderabad Plant. • ISO 22301:2019 – Business Continuity Management System at Goa Plant. • CMMIDEV/3 – CMMI for Software Development at Gurugram Office. • Certificate of Designation (OFC Testing Lab) – Certificate of Conformity Assessment Body (CAB) Designation at Goa and Hyderabad Plants. • ISO 14001 & ISO 45001 – Environmental, Occupational health and Safety management system at Hyderabad Plant.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	HFCL is committed to sustainable business practices and social development initiatives. We have business specific goals and commitments as illustrated below: **<u>At Hyderabad Plant:</u>** The sustainable business practices and social development initiatives for Optical Fiber and Optical Fiber Cable Plants at Hyderabad are list below: • Planning to install 1 MWp roof top Solar power in Hyderabad facility to generate 1.5 million units/annum during financial year 2024-25. This will bring down carbon emission up to 1,215 Metric Ton/annum and Monetary saving up to ₹105 Lacs. • To achieve the goal of Zero Waste to Landfills by December 2024. • To get Certified for Zero Liquid Discharge by 2025. • We have implemented Zero Liquid Discharge (ZLD) by establishing Sewage Treatment Plants, which employ preliminary, primary, secondary, and tertiary processes to remove contaminants. We use the treated wastewater for gardening and in the washrooms. We treat the generated sludge to meet the microbial requirements and dispose of it effectively. • STP capacity extended to 35 KLD for sewage treatment. • Horticulture waste is composted and utilised for in-house gardening. • Reducing power consumption by upgrading technology in machineries resulting in saving of 10% of electricity cost on a yearly basis. **<u>At Goa operations</u>** <u>As a part of our sustainability commitment, we have</u> • Set goals for a cumulative 40% renewable energy transition for a cleaner and greener environment by 2026-27.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	• Targeted meeting 7% of the energy requirement by FY2025 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 2025. • We have 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.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met	The Company institutionalises strategies, processes, commitments, and initiatives to drive resource efficiency, human capital development and community engagement. The Company's performance on its environmental, social, and governance key parameters are disclosed in this BRSR Report.								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) I am delighted to present our Business Responsibility and Sustainability Report (BRSR) for FY2023-2024. This report demonstrates our commitment to sustainability, and sustainable business practices throughout our operations and the value chain. We are committed to continue the HFCL's legacy of building sustainable communities, driving social inclusion, supporting resource optimisation, and environmental protection, all while meeting our business aims and ambitions. At HFCL, our agenda to sustainable growth, innovation, and ethical business conduct has driven notable progress over the years. With a strategic focus on ESG drivers, we have implemented various initiatives to ensure that ecological sustainability and societal responsibility are balanced and achieved. Our environmental initiatives encompass the sustainable management of energy, emissions, water, and waste operations. HFCL's consultative and design thinking approach ensures customers satisfaction and while continual involvement with consumers and business partners improves their enterprises, making our business ecosystem more productive and responsive. By integrative the domain expertise with digital technologies, we reimagine business processes for our customers and the ecosystem.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Company's Board of Directors are entrusted with the responsibility to oversee the implementation of the business responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes. The Board of Directors of the Company constituted an ESG Committee comprising of following members, designed to oversee and lead the Company's environmental, social, and governance strategies, activities, and implementation across the organisation: i. Mr. Surendra Singh Sirohi (Independent Director) – Chairman (upto 26.08.2024) ii. Mr. Bharat Pal Singh (Independent Director) – Chairman (w.e.f 27.08.2024) iii. Mr. Mahendra Nahata (Managing Director) – Member iv. Mr. Arvind Kharabanda (Non-Executive Director) – Member v. Mr. Vijay Raj Jain (Chief Financial Officer) – Member vi. Mr. Sanjay Vithalrao Jorapur (President – HR)- Member vii. Mr. Shubhas Mondal (Senior Vice President)- Member viii. Mr. Rajesh Tatia (Vice-President – Goa Plant)- Member ix. Mr. Vivek Agrawal (Vice-President – Hyderabad Plant) – Member Mr. Manoj Baid, President and Company Secretary acts as a 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, as deemed appropriate by the Company.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company strictly adheres to all applicable laws and regulations to ensure compliances, which are reviewed on a quarterly basis by the Board of Directors.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Ethics & Integrity	Sustainable Business	Employee Wellbeing	Stakeholders Inclusiveness	Human Rights	Environment Sustainability	Public Policy	Social Development (CSR)	Consumer Welfare
The Company's policies are periodically reviewed or on a need basis by the business/ department heads, and/or the Board of Directors, as deemed appropriate by the Company.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business	Not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles									
The entity does not have the financial or human and technical resources available for the task									
It is planned to be done in the next financial year									
Any other reason (please specify)									

SECTION C- PRINCIPAL WISE PERFORMANCE DISLOSURE

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:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	6	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 (KMPs)	3	• Session on SBO under the Companies Act, 2013. • Session on Green Bond Framework and Sustainable Borrowings. • Session on the relevant provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and virtual training for familiarisation of HFCL's Insider Trading Portal.	50%
Employees other than Board of Directors	221	5S Pillars, Integrated management systems (IMS), and six sigma, Awareness Session on Person with Disability (PWD), Assertive Communication, Business Etiquette Workshop, Session on Sustainable future by reducing Carbon Footprints, Change Management, Conflict Management and Problem Solving, Empowering Female Leaders of the Future, Prevention of Sexual Harassment (POSH) Awareness Session, Mastering work life balance -stress management training, Training on emergency preparedness- electrical safety, awareness, evacuation of shop floor /office during emergency, Hazard Identification and Risk Assessment, Pathway to wellness – A comprehensive talk on health aspects, Responsible disposal- Training on EU RoHS & the E-Waste (Management) Rules, 2022, Safety first- Comprehensive Training on Lock Out Tag Out, Near-miss Reporting, Monsoon Preparedness.	63%
Workers			31%

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:**

Monetary					
	NGRBC Principle	**Name of the Regulatory/ enforcement agencies/ judicial institutions**	**Amount (in ₹)**	**Brief of Case**	**Has an appeal been preferred? (yes/ No)**
Penalty/ Fine					
Fine	Principle -1 (Fine for delay in submission of Trading Application with BSE Limited)	BSE Limited ("BSE")	₹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 fine on April 02, 2024.	No
Compounding Fee	Nil				

Non-Monetary				
	NGRBC Principle	**Name of the Regulatory/ enforcement agencies/ judicial institutions**	**Brief of Case**	**Has an appeal been preferred? (yes/ No)**
Imprisonment	Nil			
Punishment				

3. Of the instances disclosed in Question 2 above, details 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 a web-link to the policy:

Yes.

HFCL is committed to preventing and detecting bribery and other types of corruption, and it conducts its business with honesty, integrity, and the highest ethical standards. The Company has implemented its anti-bribery and anti-corruption policy throughout its operational locations, including HFCL affiliates and subsidiaries. This policy applies globally to all individuals associated with the Company, including directors, senior executives, officers, employees (permanent, fixed-term, or temporary), consultants, contractors, trainees, seconded staff, casual workers, volunteers, interns, agents, and anyone else who is connected or associated with the Company. Furthermore, everyone covered by this policy is encouraged to disclose any concerns of bribery or misconduct as soon as feasible.

The anti-bribery and anti-corruption policy is available at

https://www.hfcl.com/wp-content/uploads/2023/06/HFCL-Anti-Bribery_and_Anti-Corruption_Policy.pdf.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
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 2023-24		Previous Financial Year 2022- 23	
	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 incident/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

The Company ensures compliance to all relevant regulations, norms, and laws of land. During the reporting period, no incidents of non-compliance related to corruption or conflict of interest were identified, and therefore, no corrective actions were undertaken.

8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured)

	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Number of days of accounts payables	99	92

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

Parameter	Metrics	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not applicable	
	b. Number of trading houses where purchases are made		
	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	
	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	a. Purchases (Purchases with related parties/Total Purchases)	10%	16%
	b. Sales (Sales to related parties/Total Sales)	4%	9%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	13%	26%
	d. Investments (Investments in related parties/Total Investments made)	25%	52%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year**

Total number of awareness programmes held	Topics/ Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
HFCL has not conducted any formal awareness sessions for value chain partners; however, topics like business code of conduct, regulatory policies, ethics, transparency, and confidentiality are clearly communicated in the purchase orders placed with partners to ensure that all business dealings and interactions align with established standards and expectations.		

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. The Company has implemented principles to address conflict of interest in its Code of Business Conduct and Ethics for the members of the Board of Directors ("Code"). In addition, the Company has well-structured internal policies and processes outlining various safeguards and measures to manage related conflict of interests. The Code may be accessed on the Company's website at **https://www.hfcl.com**

Key principles outlined in the Code include:

- Whole-time Directors are prohibited from engaging in activities that may compromise their responsibilities to the Company or conflict with its interests. This includes refraining from concurrent employment with suppliers, customers, or competitors, and avoiding actions that support competitors.
- Prior approval from the Company's Audit Committee is required for Directors who wish to accept assignments with companies or agencies that compete with the Company. Directors should avoid conducting business on behalf of the Company with any relative or with a business in which a relative holds a significant role. In unavoidable situations, they must seek the approval of the Audit Committee, in accordance with applicable laws. Directors are encouraged to minimise transactions with relatives or their businesses. Should such transactions be necessary, compliance with relevant provisions of the Companies Act, 2013 and SEBI Regulations is mandatory.
- Directors must disclose and seek approval from the Board before personally benefiting from corporate assets, information, or their position.

These measures uphold transparency, integrity, and the prevention of conflicts of interest within the Company and its Board of Directors.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year (2023-2024)	Previous Financial Year (2022-2023)	Details of improvements in environmental and social impacts
R&D	100%	100%	**Design and Development of Telecom and Networking products –** Environmental and Social Impacts- Enabling the sustainable and efficient agriculture, supporting remote working and Smart Cities initiatives, innovations on smart homes that improve security and smart lighting saves power, improvement in healthcare services and infrastructure to enable medical and healthcare services in remote areas, including online consultation facility. Further the Company makes consistent efforts to modernise its plants periodically and has invested in its capital expenditure.
Capex Expenditure	100%	100%	

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

If yes, what percentage of inputs were sourced sustainably?

Yes. HFCL has implemented a sustainable procurement process, making environmental, social, and governance compliance mandatory as part of the vendor onboarding and registration process. Vendors and suppliers are onboarded through checks and balances, which ensures mitigating sustainability risk at the onset. During onboarding, vendors/suppliers must provide necessary compliance documentation evidence and an undertaking stating their adherence to *'ethical and sustainable business practices,'* including human rights and existing environmental and social standards and/or certifications such as quality management certificates under ISO, OHSAS, or other applicable standards. Additionally, the Company ensures that solder paste containing lead is sourced only from ISO 14001:2015 certified suppliers.

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)	The plastic packaging material used for supply of Optical Fiber, reclaimed from the customers of HFCL, is re-used until the end of its usable life, and then re-cycled through the authorised recyclers.
E-waste	HFCL has developed a standardised e-Waste management system and strictly follows the e-Waste Management Rules 2022. As a part of e-waste recycling, HFCL always disposes of e-waste by safely handing it over to the approved e-waste Vendors.
Hazardous waste	HFCL has developed a standardised Hazardous Waste management system in adherence with the Hazardous Waste Management Rules of Government of India to safely dispose hazardous waste generated during its operations through the authorised vendors, which is not being incinerated or land-filled but effectively used as an Alternate Fuel Resource Facility (AFRF).
Other Waste	The paper packaging material used for supply of Optical Fiber, reclaimed from the customers of HFCL, is re-used until the end of its usable life and then disposed of through the authorised recycler/scrap vendors.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. EPR registration application is under process for HFCL's Goa plant, and the application has been filed under ***"Importer Category"*** for plastic waste as per Plastic Waste Management Rules.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	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 the web-link.
HFCL is currently undertaking a Life Cycle Assessment (LCA), focusing on the carbon footprint for two product categories: Optical Fiber Cable (three variants) and the ion4xl4 -1 Gbps UBR with a 27-dB integrated antenna. Details of this assessment will be shared in next year's BRSR disclosures.					

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
Not applicable, since no formal LCA conducted during the reporting period.		

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 2023- 24	Previous Financial Year 2022- 23
Bobbins	0.97%	4.95%
Polypropylene Box	0.03%	0.39%
Paper Corrugated Box	0.06%	0.16%
Overall (Total of above three items)	**1.06%**	**5.50%**

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 (2023-2024)			Previous Financial Year (2022-2023)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	165	80	0	210	36	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste (Corrugated boxes)	73	98	0	59	0	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 % of 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	1,803	1,803	100%	1,803	100%	0	0.0%	1,803	100%	162	9%
Female	126	126	100%	126	100%	126	100%	0	0.0%	8	6%
Total	**1,929**	**1,929**	**100%**	**1,929**	**100%**	**126**	**7%**	**1,803**	**93%**	**170**	**9%**
Other than Permanent employees											
Male	325	325	100%	325	100%	0	0.0%	325	100%	25	8%
Female	7	7	100%	7	100%	7	100%	0	0.0%	0	0.0%
Total	**332**	**332**	**100%**	**332**	**100%**	**7**	**2%**	**325**	**98%**	**25**	**8%**

b. **Details of measures for the well-being of workers:**

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 workers											
Male	160	160	100%	160	100%	0	0.0%	160	100%	13	8%
Female	25	25	100%	25	100%	25	100%	0	0.0%	1	4%
Total	**185**	**185**	**100%**	**185**	**100%**	**25**	**14%**	**160**	**86%**	**14**	**8%**
Other than Permanent workers											
Male	1,035	1,035	100%	1,035	100%	0	0.0%	1,035	100%	402	39%
Female	66	66	100%	66	100%	66	100%	0	0.0%	39	59%
Total	**1,101**	**1101**	**100%**	**1,101**	**100%**	**66**	**6%**	**1,035**	**94%**	**441**	**40%**

*ESI covered associates are not included.

**The health insurance is taken only for NAPS

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent)**

	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Cost incurred on well-being measures as a % of total revenue of the company	0.17%	0.15%

2. **Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	Current Financial Year 2023-24			Previous Financial Year 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	0.3%	2%	Yes	2%	26%	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, whether any steps are being taken by the entity in this regard.**

At HFCL, we ensure accessibility for individuals with disabilities by providing wheelchairs and ramps in its few offices and all plant locations. HFCL is in the process of making all the other premises accessible for differently abled employees, workers, and visitors by providing adequate facilities in the coming times. Also, Braille signage is installed at entry and exit points and in elevators. All facilities are equipped with specially designated restrooms featuring guardrails to accommodate differently abled individuals.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

HFCL is committed to providing equal opportunities for all individuals, fostering an environment of respect and fairness without discrimination based on gender, age, disability, ethnicity, sexual orientation, family status, religious beliefs, or abilities. The Company has implemented a Diversity, Equity, and Inclusion (DE&I) Policy that ensures equal opportunities for all its employees, maintaining a conducive and harmonious work environment by recognising and valuing diversity, equity, and inclusion, without any form of discrimination.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

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.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	At HFCL, we promote transparency and open communication among employees and management at all levels. We have implemented measures to provide a safe, inclusive, and supportive work environment for all employees and workers. Employees can file grievances in writing to their immediate supervisor, department head, or HR business partner. The responsible individual conducts a personal hearing and strives to resolve the grievance at their level. If the problem is not resolved, employees can escalate it to higher management (Plant Head, Function/Business Head, or MD). Furthermore, the Company has designated a Vigilance Officer under the Whistle Blower Policy, allowing employees and labourers to file complaints. The Vigilance Officer analyses these complaints and reports the results to the Audit Committee for final decision-making. HFCL has established Internal Complaints Committees at each workplace in accordance with the Policy on Prevention of Sexual Harassment at Workplace (POSH) to address to any sexual harassment complaints as swiftly as possible.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	Current Financial Year 2023-24			Previous Financial Year 2022-23		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employee	**1,929**	**1**	**0.1%**	**1925**	**1**	**0.1%**
Male	1,803	1	0.1%	1799	1	0.1%
Female	126	0	0.0%	126	0	0.0%
Total Permanent Workers	**185**	**36**	**19.5%**	**183**	**41**	**22%**
Male	160	16	10.0%	156	18	12%
Female	25	20	80.0%	27	23	85%

8. **Details of training given to employees and workers:**

Category	Current Financial Year 2023-24					Previous Financial Year 2022-23				
	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	2,128	381	18%	1,002	47%	2,271	713	31%	1,161	51%
Female	133	57	43%	111	83%	138	86	62%	138	100%
Total	**2,261**	**438**	**19%**	**1,113**	**49%**	**2,409**	**799**	**33%**	**1,299**	**54%**
Workers										
Male	1,195	218	18%	286	24%	994	777	78%	803	81%
Female	91	8	9%	12	13%	71	31	44%	9	13%
Total	**1,286**	**226**	**18%**	**298**	**23%**	**1,065**	**808**	**76%**	**812**	**76%**

9. **Details of performance and career development reviews of employees and worker:**

Category	Current Financial Year 2023-24			Previous Financial Year 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,128	1947	91%	2,271	1,949	86%
Female	133	120	90%	138	117	85%
Total	**2,261**	**2067**	**91%**	**2,409**	**2,066**	**86%**
Workers						
Male	1,195	935	78%	994	737	74%
Female	91	78	86%	71	54	79%
Total	**1,286**	**1,013**	**79%**	**1,065**	**791**	**74%**

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, the coverage of such system?**

Yes. At HFCL, we prioritise the well-being of our employees and strive to create a safe and healthy working environment for all. Our goal is to prevent work-related injuries and illnesses, continuously enhance safety performance, and maintain a Zero Tolerance (ZETO) policy on safety hazards. To achieve this, we have established an Environmental, Occupational Health, and Safety Management System that adheres to ISO 14001:2015 and ISO 45001:2018 standards. This system integrates key business activities with structured principles and processes, ensuring safe and healthy work environments across all departments and operations.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company has established a collaborative framework with stakeholders, including employees, associates, and contract workers, to identify work-related hazards and risks. The following processes and procedures are implemented:

- **Safety Audits:** Internal and external audits are regularly conducted at all plant locations to detect potential hazards and ensure compliance.
- **Hazard Identification and Risk Assessment (HIRA):** A systematic approach is used to identify and evaluate potential hazards and associated risks across all HFCL processes and locations.
- **Daily Site Rounds:** Regular visual inspections are carried out to monitor personal protective equipment, check emergency gear, ensure machine safety, and confirm adherence to safety procedures, thus maintaining a safe work environment and preventing accidents.
- **Work Permit System:** High-risk activities are controlled through hazard assessments, permit issuance, and compliance monitoring to ensure they are conducted safely according to established procedures.
- **Safety Committee Meetings:** Regular meetings are held to review work-related safety hazards and develop strategies for their mitigation.
- **Reward, Recognition and Feedback:** Tailored programs are in place to foster employee participation and awareness of occupational health and safety (OHS). These include rewarding employees for identifying hazards, encouraging ongoing feedback, and integrating innovative perspectives into risk assessment processes.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes,

HFCL provides an intuitive reporting system for employees and workers to report hazards in the workplace. We encourage them to report any safety incidents to their managers or supervisors. During safety committee meetings, incident reports are analysed to formulate proposals for initiatives and improvements to employee well-being. In addition, HFCL has created an Incident Investigation and Reporting System that meticulously records every incident and thoroughly investigates and redresses the same without any biasness. We have also implemented employee interaction and awareness initiatives to educate our workers on practices for reducing any potential risks.

d. **Do the employees/worker 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. We have collaborated with nearby nursing homes and hospitals to offer discounted healthcare services for our staff. 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 2023-24	Previous Financial Year 2022-23
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	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

At HFCL, we ensure that our Environment, Health, and Safety (EHS) standards exceed regulatory requirements, legislation, and international benchmarks. By implementing global best practices, we continuously enhance our safety processes across all operations. HFCL is committed to maintaining a safe and supportive workplace through the following actions:

- **Occupational Health & Safety Management System:** Implementing a comprehensive system and policy, including mandatory safety inductions and training.
- **Safety Committee Meetings:** Holding regular meetings to address safety issues and develop initiatives.
- **Periodic Mock Drills:** Conducting drills to evaluate and improve emergency preparedness.
- **Daily Safety Walks:** Performing daily inspections to ensure workplace safety.
- **Recognition and Rewards:** Offering incentives for identifying and reporting hazards.
- **Regular Safety Audits:** Carrying out audits to identify and address safety gaps.
- **Firefighting and Fire Protection Systems:** Installing and maintaining essential fire safety equipment.
- **Provision of Personal Protective Equipment (PPE):** Supplying necessary safety gear.
- **Work Permit Systems:** Managing high-risk activities through established permit processes.
- **Incident and Accident Investigations:** Investigating incidents thoroughly and implementing corrective actions.
- **Employee Involvement:** Encouraging participation and consultation in safety activities.
- **Periodic Medical Check-Ups:** Providing regular health assessments to ensure employee well-being.

13. Number of Complaints on the following made by employees and workers:

	Current Financial Year 2023-24			Previous Financial Year 2022- 23		
	Filed	Pending Resolution at end of year	Remark	Filed	Pending Resolution at end of year	Remark
Working Conditions	Nil	Nil	The Company has not received any complaint from its employees or workers.	Nil	Nil	The Company has not received any complaint from its employees or workers. However, we have received (11) suggestions for improvements from workers.
Health and Safety	Nil	Nil		Nil	Nil	

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

Note: The plants and corporate office at Delhi were assessed while obtaining the ISO 45001:2018 certification.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Ensuring the safety of our workforce is paramount at HFCL. We conduct regular safety audits and assessments by external agencies. In the recent assessments, no significant concerns were identified, however, any Opportunities for Improvement (OFI) noted during these assessments, were promptly addressed. Additionally, gaps identified through near misses are handled through Corrective and Preventive Actions (CAPA), followed by periodic reviews to assess the effectiveness of implemented measures.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, HFCL provides life insurance to all employees and workers through a Group Term Life Insurance policy (GTLI), which includes coverage for accidental death, disability, critical illness, and family benefits.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

At HFCL, we prioritise ethical business practices and compliance among our service providers by verifying their financial and compliance histories. This process includes reviewing financial statements, conducting background checks, and seeking references. Additionally, we regularly assess mandatory requirements such as Workmen Compensation policies and insurance as stipulated in the terms and conditions of purchase or work orders. HFCL ensures that all service providers at our plants across India submit monthly compliance reports concerning statutory dues for employees, including income tax, provident fund, professional tax, and ESIC.

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been 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 or whose family member have been placed in suitable employment	
	FY2023-24	FY2022- 23	FY2023-24	FY2022- 23
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes. The Company supports employees throughout their employment journey by offering relevant skills training and knowledge development opportunities. At HFCL, in deserving cases and to ensure specialised skills obtained by employees during their employment do not get wasted, HFCL rehires employees who attain the age of superannuation and employs them in consultant and part time roles. This practice provides continued employability and ensures financial benefits.

5. **Details on assessment of value chain partners:**

% of value chain partners (by value of business done with such partners) that were assessed	
Health and safety practices	At HFCL, our comprehensive Supplier Code of Conduct addresses concerns related to the Environment, Occupational Health & Safety, Child Labour, Business Ethics, Fair Employment Conditions, and Discrimination. All safety gears and guidelines are integrated into our standard operating procedures (SOPs), and partners are prohibited from working on-site if discrepancies arise. Work activities are conducted at customer premises under strict standard protocols.
Working Conditions	

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.**

At HFCL, we have designated a representative to manage health and safety practices on-site, and over the past two years, no significant concerns have arisen. Our procedures, guided by Standard Operating Procedures (SOP), specifically address health and safety and we ensure all activities are performed under appropriate lighting and weather conditions to minimise health risks and operational inefficiencies.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

At HFCL, stakeholders are integral to our sustainability journey, and their opinions and feedback are vital for our long-term growth and development. We identified significant internal and external stakeholder groups that have an influence on the Company and vice versa through stakeholder mapping, and we intend to measure the stakeholders' priority concerns, expectations, and challenges through a continuous stakeholder engagement approach. Regular involvement with these groups has allowed us to improve relationships and foster shared value with our key stakeholders, who include employees, workers, suppliers, customers, investors, shareholders, non-governmental organisations (NGOs), communities, and others. In fiscal year 2024, HFCL undertook a comprehensive Materiality Assessment that included our leadership team, employees, workers, suppliers, customers, NGOs, CSR project partners, and the communities that we serve. This assessment ensures that our initiatives are in line with their requirements and expectations, supporting our commitment to having a positive impact.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Website, Emails, In-person meetings, Newsletters, Town halls, Employee surveys	Regular	Outlook on various business expectations and thoughts of employees, Employee engagement, human resource development, skill training, career development, safety training, ESG and CSR initiatives.
Workers	No	Website, Emails, In-person meetings, Newsletters, Town halls, Employee surveys	Regular	Outlook on various business, expectations and thoughts of employees, Employee engagement, human resource development, skill training, career development, safety training, ESG and CSR initiatives.
Suppliers	No	Website, Emails, In-person meetings, Newsletters, Supplier survey	Regular	Compliance with laws, regulations, published standards and environmental practices, Product related issues, new initiatives undertaken for the suppliers.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers (Distributors, Wholesalers, & Retailers)	No	Website, Newsletters, Partner Portal, Customer Service Portal, Emails, SMS	Regular	Educational, Updates about new offerings, Product related issues (quality, packaging, and delivery)
Communities	Yes	Our means of communication involve collaborating with our CSR Project Partners and actively engaging with local stakeholders and community leaders in the areas where our CSR Projects are implemented. Furthermore, we consistently gather their feedback, including their expectations, aspirations, needs, complaints and suggestions, through site visits, phone conversations and various awareness sessions.	Regular	Our objective in engaging with the community is to gain a comprehensive understanding of the concerns and gaps in our CSR projects, as well as to gather feedback on their expectations, aspirations, needs, complaints, and suggestions. Throughout our engagement processes, we have encountered various topics and concerns raised by community stakeholders. Some common key issues include insufficient time allocation for service delivery to address all beneficiaries, demand of additional services in the project, the distant location of the service site from beneficiaries' homes and individual grievances against the project's operational team. We collect and compile this feedback, requests, complaints, and information to direct the respective project partners to address each individual complaint, understand every suggestion and strive to implement corrective measures. Additionally, we aim to adjust the project's operations in accordance with the feedback received from the specific community and their needs and aspirations.
NGOs	No	The specific communication channel and method clearly specified in the corresponding MoUs with each project partner. The communication channels typically encompass email, telephone discussions, video conferences and periodic meetings as needed.	Regular	These channels are utilised to address any issues or concerns, evaluate project operations, and offer feedback and suggestions for maximising the use of available resources to serve the greatest number of beneficiaries.
Investor/ Shareholders	No	Investor meetings, conference calls, emails, press releases, newsletters, stock exchange announcements, websites, annual reports and annual general meetings.	Regular	Update on the business and financial performance, Company's strategy and growth levers, potential opportunities, and risks, our ESG goals/ actions and material events which may have a positive or negative impact on the performance of the Company.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   At HFCL, stakeholder consultation is integral for business decisions, policy making, and strategy formulation. The Company actively engages with relevant stakeholders through designated representatives and solicits opinion and feedback on various business strategies and sustainability themes. The feedback is channelled through departments/ plants/ unit heads to various Board Committees which ultimately translates it to the Board for consideration and appropriate action in the form of suggestions and recommendations.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes. At HFCL, stakeholder consultation is sought for key decision making around sustainability issues and programs. During our materiality assessment, a stakeholder consultation process was undertaken to engage with all identified stakeholders, including employees, workers, suppliers, customers, and NGO/CSR project partners to identify key material issues pertaining to HFCL. Their perceptions were taken into consideration while finalising HFCL's key ESG material topics and priority action areas.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   HFCL is committed to empower marginalised and vulnerable communities and to drive inclusive socio-economic impact through its Corporate Social Responsibility (CSR) initiatives. The core focus of HFCL's CSR mission includes healthcare and education.

   In healthcare, HFCL, in partnership with HelpAge India and the Wockhardt Foundation, operates five Mobile Medical Units (MMUs) that deliver free preventive healthcare to over 500 underprivileged beneficiaries daily. Each MMU is staffed by a dedicated team comprising an MBBS doctor, a lab technician, and a pharmacist, providing a comprehensive range of services including diagnostics, medications, pathological tests, and cardiography.

   In New Delhi, HFCL offers advanced dialysis services through the HFCL Medi Dialysis Centre, ensuring holistic care for patients. The Company also collaborated with St. Stephen's Hospital for providing corrective surgeries for club foot diseases and polio deformities and support advanced open heart procedures through the National Heart Institute and offering grants to individuals in need of critical illness treatments.

   For elderly care, HFCL has constructed a facility for over 100 abandoned elderly individuals at SHEOWS in Garhmukteshwar and provides grants to AMRITAM Old Age Home in Noida to support the construction of a facility dedicated to elderly care. In the field of education, HFCL provides computer training to underprivileged youth in Ghazipur and supports special needs children at Balwantray Mehta Vidya Bhawan School in New Delhi. Additionally, HFCL offers individual education and sports training grants also.

   HFCL is also committed to animal welfare, providing grants to the Care & Compassion welfare organisation. This support facilitates food, sterilisation services, and critical care for abandoned street dogs, ensuring they receive the necessary medical attention and shelter.

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	FY2023-24			FY2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	**1,929**	**1,320**	**68%**	**1,925**	**396**	**21%**
Other than permanent	332	101	30%	484	12	2%
Total Employees	**2,261**	**1,421**	**63%**	**2,409**	**408**	**17%**
Workers						
Permanent	**185**	**107**	**58%**	**183**	**63**	**34%**
Other than permanent	1,101	284	26%	882	544	62%
Total Workers	**1,286**	**391**	**30%**	**1,065**	**607**	**57%**

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY2023-24 Current Financial Year					FY2022-23 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	**1,929**	**23**	**1%**	**1,906**	**99%**	**1,925**	**11**	**0.6%**	**1,914**	**99.4%**
Male	1,803	19	1%	1,784	99%	1,799	8	0.4%	1,791	99.6%
Female	126	4	3%	122	97%	126	3	6.0%	455	97.6%
Other than Permanent	**332**	**42**	**13%**	**290**	**87%**	**484**	**29**	**6.0%**	**455**	**94.0%**
Male	325	38	12%	287	88%	472	23	4.9%	449	95.1%
Female	7	4	57%	3	43%	12	6	50.0%	6	50.0%
Workers										
Permanent	**185**	**21**	**11%**	**164**	**89%**	**183**	**12**	**6.6%**	**171**	**93.4%**
Male	160	16	10%	144	90%	156	8	5.1%	148	94.9%
Female	25	5	20%	20	80%	27	4	14.8%	23	85.2%
Other than Permanent	**1,101**	**673**	**61%**	**428**	**39%**	**882**	**629**	**71.3%**	**253**	**28.7%**
Male	1,035	611	59%	424	41%	838	588	70.2%	250	29.8%
Female	66	62	94%	4	6%	44	41	93.2%	3	6.8%

3. a. **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	5	1,175,000**	1	1,050,000**
Key Managerial Personnel***	3	48,262,122	0	0
Employees other than BoD and KMP	2,125	776,665	133	927,500
Workers	1,195	284,383	91	200,439

*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 comprises of Mr. Mahendra Nahata, Managing Director, Mr. Vijay Raj Jain, Chief Financial Officer and Mr. Manoj Baid, President & Company Secretary.

Note: Only considered permanent employees and workers on rolls.

b. **Gross wages paid to females as % of total wages paid by the entity.**

	Current Financial Year 2023-24	Previous Financial Year 2022-23
Gross wages paid to females as % of total wages	4.90%	4.98%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

The Board of Directors at HFCL has implemented a Whistle-Blower Policy to encourage directors and employees to report unethical behaviour, illegal acts, questionable practices, and suspected fraud or violations of the Company's Codes of Conduct for Directors and Senior Management Personnel. This policy serves as a Vigil Mechanism, allowing stakeholders, including employees and their representatives, to freely communicate concerns about illegal or unethical practices to management. Additionally, HFCL has established Internal Complaint Committees (ICC) at each workplace in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, to effectively address concerns related to sexual harassment.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

HFCL has established several key policies, including the Code of Conduct, Whistle Blower Policy, Grievance Redressal Policy, and POSH (Prevention of Sexual Harassment) Policy, to ensure the effective implementation of processes in line with human rights and labour regulations. All employee and worker grievances are directed to the Vigilance Officer appointed by the Company. The Vigilance Officer thoroughly investigates each case and submits a detailed report to the Audit Committee, which carefully reviews the findings and makes final decisions. This process is conducted with strict confidentiality and transparency to maintain the integrity of the investigation.

6. **Number of Complaints on the following made by employees and workers:**

	Current Financial Year 2023-24			Previous Financial Year 2022-23		
	Filed during the year	Pending resolution at end of year	Remark	Filed during the year	Pending resolution at end of year	Remark
Sexual Harassment	Nil	Nil	-	1	Nil	The ICC has held its various meetings to investigate the case and provided equal opportunities to both the complainant and accused to present their matter before the ICC. Subsequently, the complaint was withdrawn by the Complainant and hence ICC closed the matter.

	Current Financial Year 2023-24			Previous Financial Year 2022-23		
	Filed during the year	Pending resolution at end of year	Remark	Filed during the year	Pending resolution at end of year	Remark
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/ Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

Category	Current Financial Year 2023-24	Previous Financial Year 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	1
Complaints on POSH as a % of female employees/workers		0.45%
Complaints on POSH upheld		Nil

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   The Company ensures that members of the Internal Complaint Committee (ICC) have the necessary expertise and experience to manage harassment and discrimination cases effectively and as per POSH Policy, Whistleblower Policy, and grievance redressal mechanism. Upholding the Principle of Natural Justice is essential in all cases handled by the Committee. Furthermore, under our whistleblower policy, we provide enhanced protection to complainants to prevent any potential retaliation that could impact their employment.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   Yes, HFCL ensures that all agreements and contracts incorporate clauses for enforcing relevant labour laws, and that service contracts require vendors to provide certification and compliance.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Other human right related issues	

11. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

    Not Applicable since no assessment was conducted.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

   At HFCL, we uphold the highest ethical business standards by continuously reviewing corporate governance policies, processes, and guidelines to ensure legal compliances and the adoption of best practices. Additionally, we ensure that all proceedings under EEO (Equal Employment Opportunity), POSH, and grievance redressal policies adhere to the following standards:

   i. Confidentiality of the proceedings is maintained.

   ii. Guidelines for anti-retaliation assurance are provided.

   iii. The principle of fairness is upheld throughout the entire process.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

   HFCL has not carried out a formal Human Rights Due Diligence assessment during the reporting period. However, the Company has a Human Rights Policy which every employee and worker is required to adhere to and uphold.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   The Company is committed to equip all its offices and manufacturing plants to ensure easy accessibility for differently abled employees and visitors. HFCL is also actively working to enhance accessibility by including ramps, elevators and Braille signage at all locations.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	Nil
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

   Not Applicable since no assessment was conducted.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Current Financial Year 2023-24	Previous Financial Year 2022-23
From 'Renewable Sources' (in GigaJoules (GJ)		
Total Electricity Consumption (A)	0	0
Total Fuel Consumption (B)	0	0
Energy consumption through Other Sources (C)	0	0
Total Energy Consumption from renewable sources (A+B+C)	**0**	**0**
From 'Non-Renewable Sources' (in GigaJoules (GJ)		
Total Electricity Consumption (D)	110,561	134,331
Total Fuel Consumption (E)	6,194	4,929
Energy consumption through Other Sources (F)	0	0
Total Energy Consumption from non-renewable sources (D+E+F)	**116,755**	**139,260**
Total Energy Consumed (A+B+C+D+E+F)	**116,755**	**139,260**
Energy intensity per rupee of turnover (Total energy consumption /turnover) (GJ/ INR)	0.0000029	0.0000032

Parameter	Current Financial Year 2023-24	Previous Financial Year 2022-23
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (Total energy consumed/ Revenue from operations adjusted for PPP) (GJ/ USD)	0.00006	0.00007
Energy intensity in terms of physical output (GJ/ Throughput in Kilometer)	0.44	0.47

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: No

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) 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.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY2023-24	FY2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	6,016	8,256
(iii) Third party water: Municipal Water	82,282	25,200
(iv) Seawater/desalinated water	0	0
(v) Others: Tankers & Water Cans	19,343	35,701
Total volume of water withdrawal (in kiloliters)	**107,641**	**69,157**
Total volume of water consumption (in kiloliters)	**107,641**	**69,157**
Water intensity per rupee of turnover (Water consumed/Revenue from operations) (KL per rupee)	0.0000026	0.0000016
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP) (KL/ USD)	0.000059	0.000036
Water intensity in terms of physical output (KL/ Throughput in Kilometer)	0.41	0.24

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

4. **Provide the following details related to water discharged:**

Parameter	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface Water	We have implemented Zero Liquid Discharge (ZLD) by establishing Sewage Treatment Plants, which employ preliminary, primary, secondary, and tertiary processes to remove contaminants. We use the treated wastewater for gardening and in the washrooms. We treat the generated sludge to meet the microbial requirements and dispose of it effectively.	
- 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		
- With treatment- please specify level of treatment		
Total water discharged (in kilo-litres)		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. : No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

To prevent untreated water discharge, HFCL has installed comprehensive sewage treatment systems in all of its manufacturing facilities. In addition, we have established Zero Liquid Discharge (ZLD) systems in all of our manufacturing plants, which is consistent with our commitment to environmental sustainability. The treated water is repurposed for gardening and washrooms, contributing to water conservation and efficient resource utilisation.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY2023-24	FY2022-23
NOx	Tons/year	0.75	0.19
SOx	Tons/year	1.92	1.83
Particulate matter (PM) (PPM)	Tons/year	1.96	0.05
Persistent organic pollutants (POP)	Not applicable		
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – ODS			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.: No

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity:**

Parameter	Please specify unit	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Total Scope 1 Emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent ($MTCO_2e$)	1,325	539
Total Scope 2 Emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent ($MTCO_2e$)	21,989	23,295
Total Scope 1 and Scope 2 emissions per rupee of turnover	$MTCO_2e$/INR	0.00000057	0.00000054
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)	$MTCO_2e$/ USD	0.000013	0.000012
Total Scope 1 and Scope 2 emission intensity in terms of physical output	($MTCO_2e$/ Throughput in Kilometer)	0.088	0.081

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes," name the external agency.: No

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

HFCL is committed to environmental protection and reducing the footprints of its operations via implementation of its energy efficiency initiatives and technology. To lower our carbon footprint, we have emphasised the use of innovative, efficient, and sustainable technologies and processes in product manufacturing, packaging/storage, and transportation in recent years. Some of the energy efficient initiatives undertaken by HFCL are listed below: -

- All HFCL plants lighting are designed with LED luminaires to conserve energy. Our office building for Optical Fiber Plant is developed with Double Layer Glass Facade to conserve energy due to less requirement of light and cooling requirements.
- High efficiency UPS installed having 96% efficiency.
- Cable Plant designed with provision of sufficient natural air and light to reduce the Cooling and illumination requirements. Cross Air Ventilation and Turbo Ventilators installed wherever applicable and 02-Inch Rockwool Insulation is provided to prevent heat inside the roof.
- Electricity consumption from renewable sources. i.e., Solar is planned.
- Humidifiers designed with high efficiency Humifog system to conserve electrical energy.

- Non-critical loads removed from DG sets during power interruptions.
- Running of cooling tower fans and pumps are controlled by temperature controller.
- Optimised energy consumption in the nitrogen plant by replacing desiccant air dryer with refrigerant air dryer.
- Entire utility is monitored and controlled through Smart BMS (Building Management System) to have real time monitoring of critical parameters and optimum use of energy.
- All air handling units are designed with high efficiency DIDW fans with VFD drive instead of Belt drive and are operated with closed loop system with field control system to optimise energy consumption.
- All motors in the facility are equipped with soft starters instead of the conventional switch gear starters for energy conservation and reduction of electrical spikes.
- Installed pressure regulating valve (PRV) and reduced overall air pressure in the plant from 7 kg/cm^2 to 6kg/cm^2.
- All centrifugal chillers equipped with VFD drive, ATC to maintain desired approach, thereby conserve electrical energy.
- Product development – Successfully decreased the cable diameter and thickness while maintaining the cable's functionality, leading to a reduction in material consumption.
- Re-engineering of wooden drum and pallets to reduce the wood consumption.
- Saving of transportation fuel due to accommodation of more lengths of optical fiber cables in same vehicle/container.
- Consistently striving to reduce PBT scrap, we have achieved a remarkable reduction in scrap percentage from 7% to 4.5%.
- Recycling of packaging material is done – Empty fiber spools, empty ripcord spools, FRP spools, Empty IBC, MS rings, IGFR Cop, Steel wire spools are sent back to suppliers.

Some of the other energy efficient products/solutions developed /being developed are highlighted below:

- Developed new-generation wireless point-to-point and point-to-multipoint connectivity solutions with improved energy efficiency while delivering higher capacity.
- Developing new generation 5G wireless radio products with energy efficiency features. These products include indoor small cell base stations and O-RAN compliant outdoor Macro Radio and mm Wave FWA CPE products.

9. Provide details related to waste management by the entity, in the following format:

Parameter	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
Total Waste Generated (in Metric Tonnes)		
Plastic Waste (A)	615	351
E-Waste (B)	0.61	0.14
Bio-medical Waste (C)	0	0
Construction and Demolition Waste (C&D) (D)	167	223
Battery Waste (E)	14	0
Radioactive Waste (F)	0	0
Other Hazardous Waste generated (G) (Please specify, if any)	61	83
Other Non-Hazardous Waste generated (H) (Please specify, if any)	649	1,181
Total Waste Generated (A+B+C+D+E+F+G+H)	**1,507**	**1,838**
Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations) (MT/ INR)	0.00000004	0.00000004
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/ Revenue from operations adjusted for PPP) (MT/ USD)	0.0000008	0.0000009
Waste intensity in terms of physical output (MT/ Throughput in Kilometer)	0.01	0.01

Parameter	Current Financial Year 2023- 24	Previous Financial Year 2022- 23
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in Metric tonnes)		
Category Waste		
(i) Recycled	1,268	770
(ii) Re-used	7	0
(iii) Other recovery operations	62	0
Total	**1,337**	**770**
For each category of waste generated, total waste disposed by nature of disposal method (in Metric tonnes)		
Category Waste		
(i) Incineration	2	77
(ii) Landfilling	110	229
(iii) Other disposal operations	58	263
Total	**170**	**1069**

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.: No

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.

A comprehensive waste management plan is in place at all HFCL locations, in accordance with our commitment to dispose of zero waste to landfills by December 2024. We ensure categorisation and segregation of all waste types at the source. The hazardous waste is collected, transported, and disposed of by CPCB-authorised vendors, while the non-hazardous waste is either recycled or utilised within the operations (wherever feasible) or processed through an appropriate mechanism by the authorised vendors. Additionally, we ensure that all the raw materials used to manufacture Optical Fiber and Optical Fiber Cables are Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliant. HFCL has upgraded its RoHS compliance in line with the latest directives 2015/863 (EU) RoHS that has added four additional restricted substances to the existing list and do not contain substances which are identified in the Candidate List of Substance of Very High Concern published by ECHA on 07/01/2023. Furthermore, HFCL promotes the manufacturing of modern designs with reduced level of jelly or no jelly and replacing it with the use of dry water blocking materials and has switched to 90% of designs with dry core construction. These dry tube/dry core designs help in reduction in use of petroleum-based products.

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 area			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

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 (Y/N). 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 current operations and offices comply with all applicable environmental regulations of the Country. We operate in accordance with the conditions outlined in the Consent to Operate (CTO) issued by the Central and State Pollution Control Boards. Moreover, there have been no instances of non-compliance reported by the regulatory authorities.				

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

Each facility/ plant located in areas of water stress, provide the following information:

- **i. Name of area-** Not Applicable as none of our sites are in a water stress area.
- **ii. Nature of operations:** Not Applicable
- **iii. Water withdrawal, consumption, and discharge in the following format:**

<table>
<tr><th>Parameter</th><th>Current Financial Year 2023-24</th><th>Previous Financial Year 2022-23</th></tr>
<tr><td>Water withdrawal by source (in kilolitres)</td><td colspan="2" rowspan="10">Not applicable</td></tr>
<tr><td>(i) Surface Water</td></tr>
<tr><td>(ii) Ground Water</td></tr>
<tr><td>(iii) Third Party Water</td></tr>
<tr><td>(iv) Seawater/ Desalinated Water</td></tr>
<tr><td>(v) Others</td></tr>
<tr><td>Total volume of water withdrawal (in KL)</td></tr>
<tr><td>Total volume of water consumption (in KL)</td></tr>
<tr><td>Water intensity per rupee of turnover (water consumed/ turnover)</td></tr>
<tr><td>Water intensity (optional) – the relevant metric may be selected by the entity</td></tr>
<tr><td colspan="3">Water discharge by destination and level of treatment (in Kilolitres)</td></tr>
<tr><td>(i) To Surface Water</td><td colspan="2" rowspan="16">We have established Sewage Treatment Plants at all our manufacturing plants to implement Zero Liquid Discharge (ZLD). These plants utilise preliminary, primary, secondary, and tertiary treatments to remove contaminants. Additionally, it incorporates sludge treatment to ensure that the effluent is effectively purified in accordance with microbial standards. The water that has been treated is subsequently utilised for landscaping as well as in restrooms.</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment- please specify level of treatment</td></tr>
<tr><td>(ii) To Ground Water</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment- please specify level of treatment</td></tr>
<tr><td>(iii) Sent to Third Party Water</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment- please specify level of treatment</td></tr>
<tr><td>(iv) Into Seawater</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment- please specify level of treatment</td></tr>
<tr><td>(v) Others</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment- please specify level of treatment</td></tr>
<tr><td>Total water discharged (in kilolitres)</td></tr>
</table>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Please specify unit	Current Financial Year 2023-24	Previous Financial Year 2022-23
Total Scope 3 Emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	HFCL is currently working on GHG scope- 3 emission inventory and will start disclosing the data in BRSR Report from FY2025 onwards.	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional)- the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

3. **With respect to the ecologically sensitive areas reported at Question 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	Initiative undertaken FY2023-24	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative Energy Saved (kWh)
1	Water Management	STP Plant capacity extended to 35 KLD for sewage treatment. Storm Drains for Rainwater Harvesting and 8 Ground Water Recharge Pits connected with Storm drains for water-conservation.	The discharged water is treated and used for gardening and in washrooms resulting in improved water conservation
2	Composting	Horticulture waste is efficiently managed through composting and gardening in-house.	Waste reduction and circularity.
3	Interlocking of auxiliary equipment	Pumps and blowers interlocked with extruder for sheathing process.	When the extruder is idle for some time, pumps and blowers will automatically stop.
4	Optimise energy consumption at nitrogen plant	Switched to refrigerant from desiccant air drier for nitrogen plant.	10% purge air loss saved without affecting nitrogen purity.
5	Pressure Regulating Valve	To control and maintain desired pressure level with a system.	Reduce overall air pressure in the plant from 7 kg/cm2 to 6kg/cm2, which leads to 7% power saving.
6	Non-critical loads removed from DG sets	Identified non-critical loads have been removed from DGs.	During power failures, non-critical loads will not draw power from DGs.
7	Zero Waste to Landfill	Initiatives undertaken to divert waste disposal from landfilling to alternate/sustainable disposal methods	Waste diverted from Landfill.
8	Energy Management	Installation of Smart BMS to optimise use of energy use and AHUs equipped with high efficiency DIDW fans with VFD drive to drive energy optimisation. Installation of Soft Starters for all motors used in the facility, adoption of LEF luminaires to conserve energy and installation of high-efficient (96% efficient) UPS to promote energy efficiency.	Energy Saving and conservation

S. No	Initiative undertaken FY2023-24	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative Energy Saved (kWh)
9	Plastic Reduction	Developed Nex Gen products that aids in reducing and minimising use of plastic materials (PBT and HDPE) in line with Company's commitment towards no plastic usage in operations and packaging.	Reduction in use of PBT 54% & HDPE 25% for Cable manufacturing
10	SIGMA AIR MANAGER 4.0.-for all compressor and dryer	The control of the compressed air station is optimised for maximum efficiency. The SIGMA AIR MANAGER 4.0 introduces a new level of adaptive, efficient, and networked compressed air management.	This advanced system coordinates the operation of multiple compressors, dryers, and filters with exceptional efficiency, providing unprecedented control and performance.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   The Company is certified for ISO 22301: 2019 for Goa Plant and has established business continuity, disaster recovery plans, and emergency management plans. HFCL has formulated detailed Standard Operating Procedures for an effective business continuity management system and disaster management action plan. To ensure these plans are robust and effective, HFCL conducts training and awareness sessions periodically. Regular testing is also conducted to check their efficiency and further improvement.

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.**

   Not Applicable

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   Nil

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   9

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
2	Federation of Indian Chamber of Commerce and Industry (FICCI)	National
3	Confederation of Indian Industry (CII)	National
4	Telecom Equipment Manufacturers Association of India	National
5	Telecom Equipment and Services Export Promotion Council	National
6	Voice of Indian Communication Technology New Delhi	National
7	Telecom Standards Development Society, India (TSDSI)	National
8	Bharat 6G Alliance	National
9	Goa Chamber of Commerce and Industry and Verna Industrial Association	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the Case	Corrective action taken
There are no anti-competitive conduct issues reported in the FY24, therefore, no corrective actions are underway. Further, HFCL is the only Indian Company against which no Anti-Dumping duty has been determined by European Commission on export of Optical Fiber Cables ("OFC") to European countries. After thorough investigation, in a landmark verdict on June 14, 2024, European Commission ruled that HFCL and HTL, its subsidiary, are the only Indian companies not engaged in dumping of OFC in European markets whereas provisional Anti-dumping duty has been determined on all other Indian Optical Fiber Cable Manufacturers. This makes HFCL as the only Indian Optical Fiber Cable manufacturer to have been exempted from anti-dumping duties by European Commission. This proves HFCL's unwavering commitment to transparency and fair business practices in a half-a-year long investigation by European Commission on Indian Optical Fiber Cables manufacturers for dumping OFC in European market.		

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
The Company through industry associations and forums, drives drives a positive change in the policy advocacy for the betterment of the sector and for the societal benefit. HFCL collaborates with communities such as TSDSI (Telecom Standards Development Society, India) and the Bharat 6G Alliance. These communities consist of mobile network operators, vendors, and research institutions in the radio access network industry, collaborating to develop more sustainable products.					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief detail of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant web-link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	%of PAFs covered by R&R	Amounts paid to PAFs in the FY (in ₹)
Not Applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**

At HFCL, as per the Memorandum of Understanding (MoU), our CSR Project partners are responsible for addressing community concerns and managing them in accordance with their specific guidelines to ensure that they are resolved in a timely manner. Social Protection Officers and Project Coordinators have been appointed for each project to ensure that operations are conducted in a seamless manner and that the specified outcomes of the MoU are met.

We maintain direct communication channels and actively engage with local community leaders to collect grievances, complaints, and suggestions. Recognising the significance of direct feedback, we promptly communicate these concerns to our project partners to facilitate their prompt action and resolution. After the grievances have been resolved, our project partners provide us with a comprehensive report that outlines the corrective measures that were implemented to prevent the recurrence of similar issues in the future and the approach that was taken to redress the situation.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	Current Financial Year 2023-24	Previous Financial Year 2022-23
Directly sourced from MSMEs/ Small producers	16%	27.97%
Directly from within India	45%	43%

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 total wage cost:**

Location	Current Financial Year 2023-24	Previous Financial Year 2022-23
Rural	5%	5%
Semi-Urban	6%	5%
Urban	20%	19%
Metropolitan	69%	71%

Note: Place is 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: Question 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 lakhs)
HFCL do 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 preferential procurement policy; however, the Company support procurement from MSME and small producers in 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), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit Shared (Yes/ No)	Basis of calculating benefit share
No such benefits derived and shared in FY23-24 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
Nil		

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	**Mobile Medical Units (MMU) – (Preventive Health Care)**		
	HFCL has partnered with HelpAge India and the Wockhardt Foundation to implement preventive healthcare initiatives. HelpAge India oversees operations in Himachal Pradesh (Solan), Goa, and Rajasthan (Sardarsahar), while the Wockhardt Foundation manages projects in Uttar Pradesh (Ghazipur) and Telangana (Hyderabad). Each Mobile Medical Unit (MMU) is equipped with a dedicated healthcare team comprising an MBBS doctor, a lab technician, and a pharmacist. These units provide free diagnostics, medications, pathological tests, cardiographs, and other essential services to beneficiaries. The implementing agencies, supported by a Social Protection Officer, are responsible for daily operations.	140,057	100%
2	**St. Stephen's Hospital- New Delhi (Advance Health Care)**		
	HFCL has collaborated with the St. Stephen's Hospital Patients Welfare Society in Delhi as part of its CSR initiatives, offering funding for corrective surgeries to individuals affected by polio deformities or clubfoot disease, who lack the financial means to afford treatment.	48	100%
3.	**National Heart Institute, New Delhi (Advance Health Care)**		
	HFCL has partnered with the All-India Heart Foundation, a division of the National Heart Institute in Delhi, to fund open-heart surgeries and cardiac valve replacements for disadvantaged individuals exposed economic vulnerability.	8	100%
4	**Balvantray Mehta Vidya Bhawan- New Delhi (Education for special need Children)**		
	HFCL contributes to the educational support of DIVYANG children enrolled at Balwantray Mehta Vidya Bhawan School in Greater Kailash-II, New Delhi, covering their full school fees directly to the institution. This initiative aims to ensure these children have access to quality education without financial barriers.	50	100%
5	**Computer Skill Learning Centres, Ghazipur, UP**		
	HFCL has collaborated with the Hari Prem Society to provide computer training to disadvantaged youth in Ghazipur, Uttar Pradesh. This initiative seeks to improve their employability in today's competitive job market, emphasising the importance of advanced computer skills. The programme aims to equip participants with valuable technical knowledge to enhance their career prospects and socioeconomic opportunities.	588	100%
6	**Care and Compassion Welfare Organisation, New Delhi (Animal Welfare)**		
	HFCL has partnered with the Care and Compassion Welfare Organisation (CCWO) to extend support to stray animals across Delhi and the NCR. Through this collaboration, HFCL aids CCWO in conducting sterilisation drives for spaying and neutering stray dogs, ensuring vaccinations against rabies, offering urgent medical care to injured animals, and providing compassionate treatment for terminally ill and abandoned animals. Regular feeding programs are also maintained to sustain these animals' well-being.	433	100%
7	**Karuna, HFCL Social Services Society**		
	This initiative covers a wide array of CSR initiatives, addressing elder care, environmental sustainability, education and sports training grants, development in rural and slum areas, reduction of social and economic inequalities, efforts to eradicate hunger, poverty, and malnutrition, as well as disaster relief and rehabilitation.	1,000	100%

PRINCIPLE 9: Businesses 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.**

   HFCL has a well-organised system for handling customer complaints. Customers can submit their complaints or feedback by emailing their account manager or the complaint management representative at the plant. Complaints are addressed and resolved within specified timelines, depending on the nature of the issue.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

Footnote: 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 FY2023-24		Remarks	Previous FY2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	NA	Nil	Nil	NA
Cyber-security	Nil	Nil	NA	Nil	Nil	NA

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

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, we have a Privacy Policy titled HFCL PIMS Manual and have implemented all necessary controls in line with ISO 27001:2022 and ISO 27701:2019. For our customers, the policy is available on our website at **https://www.hfcl.com/privacy-policy**.

   The Privacy Policy details the management, operation, and maintenance of personally identifiable information and related assets used in the design, development, supply, installation, system integration, implementation, and customer support for IT, telecom, products, services, and communication infrastructure. The Privacy Policy also applies for all contracts entered with third parties.

   The Privacy Policy also outlines the procedure at HFCL to handle personal information collected from customers through the website. It explains the consequences of not providing personal information, the rights of customers, and how they can report any issues or discrepancies.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   HFCL has enhanced the delivery of essential services by continuously monitoring systems, conducting regular reviews, timely application upgrades, data backups, vulnerability assessments, and security patch implementations.

   Our cyber security and data privacy systems have been significantly upgraded. This includes deploying encryption on endpoints, implementing multi-layered threat protection, enforcing strong password policies through Azure AD (increasing password complexity from 8 to 12 characters and eliminating dictionary words), introducing remote password synchronisation, securely backing up critical user data, conducting regular security audits, and providing thorough employee training to prevent data breaches.

Additionally, we have established a Unified Service Desk where all stakeholders can report any incidents or discrepancies related to cyber security and data privacy for further action. This service desk can be accessed at **https://connectit.hfcl.com/**.

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches.**

      No data breach instances have been reported during the FY24.

   b. **Percentage of data breaches involving personally identifiable information of customers.**

      Nil

   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 available).**

   Website, social media, product manuals, datasheets, brochures, Customer Service Portal, Call Centre

   i. **https://www.hfcl.com/**

   ii. **https://www.linkedin.com/company/hfcl-limited/**

   iii. **https://instagram.com/hfcllimited?igshid=NjIwNzIyMDk2Mg==**

   iv. **https://io.hfcl.com/**

   v. **https://www.linkedin.com/company/iobyhfcl/**

   vi. **https://twitter.com/iobyhfcl?lang=en**

   vii. **https://www.instagram.com/iobyhfcl/?hl=en**

   viii. **https://www.hfcl.com/ofc/en-gb/**

   ix. **https://www.hfcl.com/ofc/en-us/**

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   HFCL has developed user manuals and guides that are easy to comprehend, written in plain language, and include step-by-step instructions for safe and responsible usage. To further assist our customers, we offer multiple support channels, including a customer service portal, call centre, where consumers can ask questions about product usage or report any issues. For more complex products or services, we also provide product training sessions to ensure users are well-informed and confident in their usage.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   HFCL leverages various channels i.e., social media platforms and public relations channels to communicate updates regarding potential disruptions or changes. Moreover, we employ email, phone, and WhatsApp to promptly address and resolve customer inquiries and concerns. This multifaceted approach ensures timely and effective communication with our stakeholders, maintaining transparency and responsiveness.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Yes, the product datasheet is shared along with quotation and cables are manufactured based on approved datasheet.

5. **Did your entity carry out any survey regarding consumer 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)**

   Yes, a biannual survey of customer satisfaction was carried out.

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, 2024, 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, 2024, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the branch auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional Judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	Auditor's Response
1.	**Customer contracts – Accuracy of revenue recognition, valuation of contract assets, work in progress (WIP), trade and other receivables, and accuracy of contract liabilities** For the year ended March 31, 2024, revenue from customer contracts amounts to ₹ 4,074.59 Crores whereas as at March 31, 2024, contract assets amount to ₹ 376.89 Crores, the balance of work in progress (WIP) amounts to ₹ 214.79 Crores and retention amounts to ₹ 270.25 Crores. The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. For the revenue recognised throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts.

S. No.	Key Audit Matters	Auditor's Response
	respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. (Refer Notes 31 to the standalone financial statements). During order fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancelations have to be considered. As a result, total estimated contract costs may exceed total contract revenues and therefore require write-offs of contract assets, receivables and the immediate recognition of the expected loss as a provision. Regarding the revenue recognised at a point in time (PIT), the risks include inappropriate revenue recognition from revenue being recorded in the wrong accounting period or at amounts not justified as well as overstated WIP that requires impairment adjustments.	We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.
2.	**Valuation of accounts receivable – risk of credit losses** The Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Company's standalone financial statements amounting to ₹ 2,656.57 crores as of March 31, 2024 and provisions for impairment of receivables is an area which is influenced by management's ¬estimates and Judgement. The provision for impairment of receivables amounted to ₹ 9.23 crores as at March 31, 2024. Refer Note 15 to the standalone financial statements.	Our audit incorporated the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; • Assessment of the Company's credit policy outlining authority for approving and responsibility to manage credit limits; • Inquiries with committee in order to understand and assess governance and follow-up/monitoring of key customers; • Analytical procedures and inquiries with Business Area; • Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Company manages credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to the Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
3.	**Assessment of the carrying value of Intangible Assets (including intangible assets under development)** The Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Company records the qualifying expenditure as 'intangible assets under development'. The Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis.	Our audit procedures, which involved applying materiality and sampling techniques, included the following: • Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for assessing the recoverable values of intangible assets (including intangible assets under development). • Testing a sample of projects to ensure appropriate capitalised on of qualifying costs. • Assessing whether sufficient economic benefits are likely to flow from the projects to support the values capitalised. • Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis (e.g. forecasted revenue, margin percentages, etc.)

S. No.	Key Audit Matters	Auditor's Response
	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, 2024. Considering significant degree of judgement in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the standalone financial statements.	• Reading the management's experts' views, as Applicable. • Assessed the adequacy of disclosure in standalone financial statement Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangible assets under development), to be reasonable.
4.	**Recoverability of project and other vendor advances** As at March 31, 2024, current financial assets include ₹ 458.01 crores in respect of project and other vendor advances and are pending to be adjusted/settled. Management exercises significant Judgement when determining whether to record any impairment loss on advances As the carrying amount of project and other vendor advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the recoverability of project and other vendor advances as a key audit matter. Refer Note 19 to the Standalone Financial Statements.	Our audit procedures involve the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to advances given; • Assessment of the Company's procurement policy outlining authority for approving and responsibility to manage vendor advances; • Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; • Analytical procedures and inquiries with Business Area; • Obtain balance confirmations from selected parties to ensure existence thereof • Review of Purchase orders and/or agreements for selected parties and enquire management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional Judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the foreign branches of the Company. We are responsible for the direction, supervision and performance of the audit of the standalone financial statements of the Company of which we are the independent auditors. For the foreign branches included in the standalone financial statements, which have been audited by other auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The Standalone Financial Statements includes financial performance of three foreign branches which reflects total assets of ₹ 43.75 Crore as at March 31, 2024, total revenue of ₹ 43.70 Crore, Net Loss after tax of ₹ 0.32 Crore and total comprehensive income of ₹ 0.41 Crore and net cash outflow amounting to ₹ 10.35 Crore for the year ended on March 31, 2024, which were audited by respective independent branch auditors. The independent branch auditor's report on the financial statements of these branches have been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these branches is solely based on the report of such independent branch auditor's.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

B. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The reports on the accounts of foreign branch offices audited by independent branch auditors have been furnished to us by the management of the Company and have been properly dealt with by us in preparing this report.

   d) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules made thereunder.

   f) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 47 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 47 to the standalone financial statements;

iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. (a) The final dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) As stated in Note 42 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination which included test checks, the company has used an accounting software including software operated by third party, for maintaining its books of account for the financial year ended March 31, 2024 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.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **S Bhandari & Co. LLP**	For **Oswal Sunil & Company**
Chartered Accountants	Chartered Accountants
Firm Reg. No. 000560C/C400334	Firm Reg. No.: 016520N
P. D. Baid	**Sunil Bhansali**
Partner	Partner
Membership No: 072625	Membership No: 054645
UDIN: 24072625BKEGAX2672	UDIN: 24054645BKHDCA7745
Place: New Delhi	Place: New Delhi
Date: May 03, 2024	Date: May 03, 2024

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.

(b) Property, Plant and Equipment of the Company are physically verified according to a phased programme 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.

(c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company except the following:

Description of property	Gross carrying value (₹ in crore)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, whether appropriate	Reason for not being held in name of the Company
Leasehold land at Solan	0.28	State Government of Himachal Pradesh	No	Since September 23,1994	Property is under dispute for titleship
Freehold land at Jaipur	1.64	Erstwhile amalgamated Company	No	Since January 5, 2011	Subject to Mutation of properties
Freehold Land at Telangana	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	Since September 5, 2022	Subject to fulfilment of stipulated conditions

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year. Hence reporting under clause 3 (i) (d) of the Order is not applicable.

(e) As informed by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 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 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	114.95	Nil	16.65	Nil
Balance outstanding as at balance sheet date	365.95	3,58,500 (Shares of HTL Limited Pledged against loan given to subsidiary)	89.73	72.00

(B) Other than subsidiaries and jointly controlled entities:

(Amount in ₹ crore)

	Guarantees	Loans	Advances in nature of loans
Aggregate amount granted/provided during the year	Nil	5.00	35.50
Balance outstanding as at balance sheet date	20.16	15.50	0.75

(b) In our opinion, the investments made, guarantees provided, security given and the terms and conditions of grant of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans and advances in nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation except in one of the case referred in note 48 of the standalone financial statement, where schedule of repayment has not been stipulated.

(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
Raddef Private Limited	2.00	9.23%

(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 2024 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, 2024 on account of disputes are as under:

Name of the statute	Nature of dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending	Remarks
Value Added Tax Act	Sales Tax	2,37,42,719/-	1997-98 & 1998-99	Hon'ble High Court of Punjab & Haryana.	₹ 50,00,000/- Paid
Delhi Value Added Tax Act, 2004	Sales Tax	2,10,76,837/-	2009-10 & 2010-11	Addl. Commissioner, Department of Trade & Taxes, New Delhi	₹ 16,00,000/- Paid
Mumbai Value Added Tax, 2002	Sales Tax	3,69,96,738/-	2014-15	Joint Commissioner of Sales Tax (Appeal), Mumbai	-
Delhi Value Added Tax Act, 2004	Sales Tax	12,27,714/-	2015-16	Asst. VATO, Department of Trade & Taxes, New Delhi	-
Custom Tariff Act	Custom Duty	1,97,54,154/-	2001-02 & 2003-04	Supreme Court, New Delhi	Liability of ₹1,97,54,154/- already paid by Company under protest
Mumbai Value Added Tax, 2002	Sales Tax	98,24,593/-	2013-14	Joint Commissioner of Sales Tax (Appeal), Mumbai	₹23,89,741/- Paid
Central Excise Tariff Act, 1985	Excise Duty	82,17,348/-	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to ₹47,25,005/-
Finance Act, 1994	Service Tax	8,86,93,872/-	2017-18	Asst. Commissioner (Circle-11), Audit-II, New Delhi	₹1,00,00,000/- Paid

(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 the Companies Act, 2013 have been complied with. Further, funds raised have been used for the purposes for which the 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 commensurate with the size and nature of its business.

(b) We have considered the internal audit reports issued for the year under audit.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, reporting under clause 3(xv) is not applicable.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) (a), (b) and (c) is not applicable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are two Core Investment Companies (CIC) in the Group, which are as under:

S. No.	Name of the Company
1.	MN Ventures (P) Limited
2.	Nextwave Communications (P) Limited

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. hence reporting under clause 3(xviii) is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation 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, 2024 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

(P. D. Baid)
Partner
Membership No: 072625
UDIN: 24072625BKEGAX2672

Place: New Delhi
Date: May 03, 2024

For **Oswal Sunil & Company**
Chartered Accountants
Firm Registration No.
016520N

(Sunil Bhansali)
Partner
Membership No: 054645
UDIN: 24054645BKHDCA7745

Place: New Delhi
Date: May 03, 2024

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, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing as prescribed under Section 143 (10) of the Companies act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 2024, 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

(P. D. Baid)
Partner
Membership No: 072625
UDIN: 24072625BKEGAX2672

Place: New Delhi
Date: May 03, 2024

For **Oswal Sunil & Company**
Chartered Accountants
Firm Registration No.
016520N

(Sunil Bhansali)
Partner
Membership No: 054645
UDIN: 24054645BKHDCA7745

Place: New Delhi
Date: May 03, 2024

Standalone Balance Sheet

as at March 31, 2024

(All amounts are in ₹ Crore)

Particulars	Note No(s)	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current Assets			
(a) Property, Plant and Equipment	3	331.49	331.88
(b) Capital work-in-progress	4	122.45	45.76
(c) Right-of-use-assets	43	11.72	17.32
(d) Intangible assets (other than Goodwill)	5	116.98	15.81
(e) Intangible assets under development	6	314.86	197.65
(f) Investment in subsidiaries and joint controlled entities	7	58.34	53.69
(g) Financial Assets			
(i) Investments	8	167.27	37.09
(ii) Trade receivables	15	520.31	423.11
(iii) Loans	9	87.73	71.58
(iv) Others	10	120.44	113.73
(h) Other non-current assets	12	33.20	19.30
Total Non Current Assets		**1,884.79**	**1,326.92**
Current Assets			
(a) Inventories	13	618.95	584.45
(b) Financial Assets			
(i) Investments	14	5.01	12.19
(ii) Trade receivables	15	2,127.03	1,784.35
(iii) Cash and cash equivalents	16	20.86	61.35
(iv) Bank balances other than (iii) above	17	297.41	235.06
(v) Loans	18	17.50	18.50
(vi) Others	19	527.98	524.48
(c) Current tax Assets (net)	20	47.44	12.85
(d) Other current assets	21	583.03	520.22
Total Current Assets		**4,245.21**	**3,753.45**
Total Assets		**6,130.00**	**5,080.37**
Equity and Liabilities			
Equity			
(a) Equity Share Capital	22	144.01	137.64
(b) Other Equity	22	3,677.68	2,855.38
Total Equity		**3,821.69**	**2,993.02**
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	135.16	83.60
(ii) Lease liabilities	43	9.07	6.20
(b) Provisions	24	44.11	38.22
(c) Deferred tax liabilities (Net)	11	74.75	25.55
Total Non Current Liabilities		**263.09**	**153.57**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	683.91	519.38
(ii) Lease Liabilities	43	4.89	13.61
(iii) Operational Buyers' Credit/Suppliers' Credit	46	-	168.13
(iv) Trade payables	26		
- total outstanding dues of Micro and Small Enterprises		61.56	55.49
- total outstanding dues to other than Micro and Small Enterprises		774.09	795.35
(v) Other financial liabilities	27	422.47	330.31
(b) Current tax liabilities (Net)	28	0.26	2.48
(c) Other current liabilities	29	86.18	37.12
(d) Provisions	30	11.86	11.91
Total Current Liabilities		**2,045.22**	**1,933.78**
Total Liabilities		**2,308.31**	**2,087.35**
Total Equity and Liabilities		**6,130.00**	**5,080.37**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

P. D. Baid
Partner
M.No. 072625

Sunil Bhansali
Partner
M.No. 054645

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Place: New Delhi
Date: May 03, 2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

	Particulars	Note No(s)	For the year ended March 31, 2024	For the year ended March 31, 2023
I	**INCOME**			
	Revenue from operations	31	4,074.59	4,395.68
	Other Income	32	100.13	49.46
	Total Income (I)		**4,174.72**	**4,445.14**
II	**EXPENSE**			
	Cost of Material Consumed	33	640.63	969.24
	Other Direct Cost	34	1,121.28	1,022.78
	Purchases of stock-in trade		1,384.33	1,508.42
	Change in inventories of finished goods, work-in progress and stock-in trade	35	(101.58)	(105.99)
	Employee benefits expense	36	264.79	279.60
	Finance Costs	37	115.02	116.83
	Depreciation & amortisation expenses	3, 5,43	58.48	57.43
	Other Expenses	38	279.32	255.14
	Total Expenses (II)		**3,762.27**	**4,103.45**
III	**Profit before exceptional items and income tax (I-II)**		**412.45**	**341.69**
IV	Exceptional item		-	-
V	**Profit before tax (III - IV)**		**412.45**	**341.69**
VI	**Tax expenses**			
	- Current tax		53.49	52.97
	- Deferred Tax		49.30	34.12
	Total Tax Expense		**102.79**	**87.09**
VII	**Profit for the year (V-VI)**		**309.66**	**254.60**
VIII	**Other Comprehensive Income (OCI):**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of defined benefit plans		(0.38)	0.08
	(ii) Income tax on above item		0.09	(0.02)
	(iii) Gain on Equity Instruments designated through OCI		130.61	3.97
	Items that will be reclassified to profit or loss			
	(i) Loss on translation of foreign operation		0.15	(0.49)
	Total Other Comprehensive Income for the year		**130.47**	**3.54**
IX	**Total Comprehensive Income for the year (VII + VIII)**		**440.13**	**258.14**
X	**Earnings per share from continuing and total operations attributable to the equity holders of the Company**	39		
	- Basic		2.19	1.85
	- Diluted		2.19	1.85

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

P. D. Baid
Partner
M.No. 072625

Sunil Bhansali
Partner
M.No. 054645

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Place: New Delhi
Date: May 03, 2024

Standalone Statement of Cash Flow

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
I. Cash flow from Operating Activities:			
Net Profit before taxes		**412.45**	**341.69**
Adjustments for:			
Depreciation, Impairment and Amortisation expenses	58.48		57.43
(Gain)/Loss on disposal of property, plant and equipment	0.25		(0.53)
Financial Guarantee Income	(4.78)		(4.02)
Bad Debts, advances and miscellaneous balances written (back)/ off	(10.94)		3.74
Liquidated Damages recovered on Sales	-		(5.90)
Unrealised Loss/(gain) on foreign exchange fluctuation	3.67		(6.47)
(Gain)/Loss on Sale of Investment – Net	(1.34)		-
Dividend and interest income classified as investing cash flows	(19.51)		(13.67)
Finance costs (net)	115.02		116.83
		140.85	**147.41**
Change in operating assets and liabilities:			
(Increase)/ Decrease in Trade and other receivables	(432.61)		201.60
(Increase)/ Decrease in Inventories	(34.48)		(175.96)
Increase/ (Decrease) in Trade payables	(15.18)		(82.98)
(Increase)/ Decrease in other financial assets	(1.75)		(142.25)
Increase/ (Decrease) in other financial liabilities	(168.13)		168.13
(Increase)/ Decrease in other non-current assets	(7.52)		(3.39)
(Increase)/ Decrease in other current assets	(62.82)		(132.17)
Increase/(Decrease) in provisions	(0.07)		2.24
Increase/(Decrease) in other non-current liabilities	5.50		5.18
Increase/(Decrease) in other current liabilities	143.16		(65.88)
		(573.90)	**(225.48)**
Cash generated from operations		**(20.60)**	**263.62**
Income taxes paid/refund (net)		(90.30)	(79.28)
Net cash inflow from /(used in) operating activities		**(110.90)**	**184.34**
II Cash flow from Investing activities			
Payment for acquisition of subsidiaries & other investments		-	(10.25)
Capital Receipt of Subsidy on Fiber Plant		-	42.58
Payments for property, plant and equipment including CWIP		(138.16)	(118.49)
Payments for Intangible Assets including CWIP		(226.50)	(146.92)
Payment for loan to body corporates/subsidiaries		(15.15)	(43.08)
Proceeds from sale of property, plant and equipment		0.38	0.15
Bank deposits (placed)/matured (net)		(59.74)	251.06
Proceeds from sale of Investment		8.95	-
Dividends received		0.01	-
Interest received		20.30	14.94
Net Cash flow from/(used in) investing activities		**(409.91)**	**(10.01)**

Standalone Statement of Cash Flow

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
III Cash flow from Financing Activities			
Proceeds from Issue of convertible Warrants		73.20	28.20
Proceeds from issues of Share Capital (including security premium)		352.96	3.08
Share issue expenses		(9.06)	-
Proceeds from borrowings		258.59	108.78
(Repayment) of borrowings		(42.51)	(116.63)
(Repayment) of lease liabilities		(6.86)	(9.81)
		626.32	**13.62**
Less:			
Finance Costs paid		(117.45)	(116.47)
Dividend paid		(28.55)	(24.45)
Net Cash flow from/ (used in) financing activities		**480.32**	**(127.30)**
IV Net increase/(decrease) in cash & cash equivalents (I + II + III)		**(40.49)**	**47.03**
V Cash and cash equivalents at the beginning of the year		61.35	14.32
VI Cash and cash equivalents at end of the year		**20.86**	**61.35**

Notes:

1 The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS – 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Figures in bracket indicate cash outflow.

3 Cash and cash equivalents (refer Note 16) comprise of the followings:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash on hand	0.05	0.06
Balances with Scheduled banks in		
Current accounts	9.81	30.45
Fixed Deposits with Bank	11.00	30.84
Balances per statement of cash flows	**20.86**	**61.35**

4 Analysis of movement in borrowings

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Borrowings at the beginning of the year	602.98	610.83
Movement due to cash transactions as per the Statement of Cash Flows	216.09	(7.85)
Borrowings at the end of the year	**819.07**	**602.98**

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

P. D. Baid
Partner
M.No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Sunil Bhansali
Partner
M.No. 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Statement of Changes in Equity

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

EQUITY SHARE CAPITAL

Particulars	Amount
Balance as at April 1, 2022	**137.49**
Changes in equity share capital (refer note no. 22(A))	0.15
Balance as at March 31, 2023	**137.64**
Changes in equity share capital (refer note no. 22(A))	6.37
Balance as at March 31, 2024	**144.01**

OTHER EQUITY

Particulars	Money received against Convertible Warrants	Share based payment reserve	Reserves and Surplus			Items of Other Comprehensive Income		Total
			Securities Premium	Capital Redemption Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve	
Balance as at April 1, 2022	**-**	**1.90**	**1,053.85**	**80.50**	**1,444.65**	**10.85**	**(0.88)**	**2,590.87**
Profit for the year	-	-	-	-	254.60	-	-	254.60
Other Comprehensive Income for the year	-	-	-	-	0.06	3.97	(0.49)	3.54
Warrant subscription price equivalent to 25% of the issue price {refer note 22(B)(2)}	28.20	-	-	-	-	-	-	28.20
Dividend paid for the previous year	-	-	-	-	(24.80)	-	-	(24.80)
Issue of equity share capital to HFCL Employees Trust	-	-	5.65	-	-	-	-	5.65
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.21)	-	-	0.21	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.03	-	-	0.03
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(2.72)	-	-	-	-	(2.72)
Balance as at March 31, 2023	**28.20**	**1.69**	**1,056.78**	**80.50**	**1,674.75**	**14.82**	**(1.37)**	**2,855.38**
Profit for the year	-	-	-	-	309.66	-	-	309.66
Other Comprehensive Income for the year	-	-	-	-	(0.28)	130.61	0.15	130.48
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	73.20	-	-	-	-	-	-	73.20
Dividend paid for the previous year	-	-	-	-	(28.58)	-	-	(28.58)
Issue of equity share capital (net of share issue expenses of ₹ 9.06 crore)	-	-	340.56	-	-	-	-	340.56
Conversion of warrants into equity share {refer note no. 22(B)(2)}	(97.60)	-	96.38	-	-	-	-	(1.22)
Transfer to retained earnings	-	-	-	-	3.55	(3.55)	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.67)	-	-	0.67	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.02	-	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.81)	-	-	-	-	(1.81)
Balance as at March 31, 2024	**3.80**	**1.02**	**1,491.91**	**80.50**	**1,959.79**	**141.88**	**(1.22)**	**3,677.68**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Mahendra Nahata
Managing Director
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Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Place: New Delhi
Date: May 03, 2024

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

1. CORPORATE INFORMATION

HFCL Ltd. ('HFCL' or 'the Company') is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The 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 financial statements have been approved by the Board of Directors of the Company at its meeting held on May 03, 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

2.1.2. Historical Cost Convention

The 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.

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

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

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, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 material 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.

2.5. Investments in subsidiaries, associates and joint ventures

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,

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

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

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.7. Property Plant and Equipment

The Company had elected to continue with the carrying value of all of its Property, Plant and Equipment (PPE) recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Items of PPE acquired/constructed are initially 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.

Material Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are 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.

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

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

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 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

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

2.9.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a material 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:

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 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 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.

Equity investments

Investment in subsidiaries, associates and joint ventures are measured at cost less impairment loss, if any.

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 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.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

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 a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of 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.

Credit/ Suppliers' Credit and vendor financing

The Company enters into arrangements whereby banks make direct payments to suppliers for raw materials.The banks are subsequently repaid by the

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Company at a later date providing working capital timing benefits. These are normally settled between 90 days to 180 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks to the operating vendors are treated as a noncash item and settlement of due to operational buyer's credit/ suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The 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.
- 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

A. 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.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

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D. The following is a description of the principal activities – separated by reportable segments – from which the Company generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Company principally generate revenue from sale of Optical Fibre Cable, Optical Fibre and Telecom Equipments. 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. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. and executing infrastructure projects like Jal Jeevan Mission etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from turnkey projects/contracts executed under joint operations is recognised on the same basis as adopted in respect of contracts independently executed by the Company.

- **Contracts with government**

  The 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 Judgement.

  If the Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

  Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

- **Warranty**

  Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and arrangement entered with respective vendors of equipment's supplied under contract, the Company recognises provisions for this warranty.

- **Financial Components**

  The transaction price is also adjusted for the effects of the time value of money if the contract includes a material financing component and considering practical expedient.

iii. Other Revenue:

- **Interest income**

  Interest income on deposits with banks is recognised at effective interest rate applicable.

  Interest income from other financial assets is recognised at the effective interest rate method on initial recognition.

- **Dividends**

  Dividend income is recognised when the right to receive payment is established.

- **Rental income**

  Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms

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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.

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.

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Any income or expense on account of 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 difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

2.15. Employee Benefits

Short term employee benefits:-

Liabilities for wages and salaries 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.

Other long term employee benefits

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as per the actuarial valuation carried out at the end of each annual reporting period. Actuarial gains and losses are recognised in full in the 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 expensed 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.

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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.

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 asset 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, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the 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 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".

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2.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.23. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

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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 01, 2022	**410.58**	**118.71**	**29.76**	**31.39**	**16.54**	**8.77**	**27.77**	**16.25**	**8.47**	**0.88**	**669.12**
Additions	44.51	7.26	-	0.63	3.60	0.65	6.49	3.08	12.41	-	78.63
Disposals/Adjustments	33.20	4.63	-	4.85	0.73	1.45	2.06	2.28	-	-	49.20
Balance as at March 31, 2023	**421.89**	**121.34**	**29.76**	**27.17**	**19.41**	**7.97**	**32.20**	**17.05**	**20.88**	**0.88**	**698.55**
Additions	25.98	0.89	4.25	0.82	3.02	0.79	6.67	3.19	-	-	45.61
Disposals/Adjustments	2.39	-	0.05	-	0.21	0.25	5.66	1.92	-	-	10.48
Balance as at March 31, 2024	**445.48**	**122.23**	**33.96**	**27.99**	**22.22**	**8.51**	**33.21**	**18.32**	**20.88**	**0.88**	**733.68**
Accumulated depreciation and impairment											
Balance as at April 1, 2022	**235.76**	**15.77**	**11.15**	**19.98**	**9.22**	**7.07**	**20.43**	**9.58**	**-**	**0.24**	**329.20**
Depreciation for the year	26.81	3.27	1.37	2.44	1.99	0.26	5.20	2.46	-	0.01	43.81
Disposals/Adjustments	0.56	-	-	1.18	0.19	0.51	1.75	2.15	-	-	6.34
Balance as at March 31, 2023	**262.01**	**19.04**	**12.52**	**21.24**	**11.02**	**6.82**	**23.88**	**9.89**	**-**	**0.25**	**366.67**
Depreciation for the year	28.32	3.43	1.46	1.48	2.59	0.60	4.86	2.62	-	0.01	45.37
Disposals/Adjustments	2.33	-	0.04	-	0.20	0.24	5.41	1.63	-	-	9.85
Balance as at March 31, 2024	**288.00**	**22.47**	**13.94**	**22.72**	**13.41**	**7.18**	**23.33**	**10.88**	**-**	**0.26**	**402.19**
Net Carrying Value											
Balance as at April 1, 2022	**174.82**	**102.94**	**18.61**	**11.41**	**7.32**	**1.70**	**7.34**	**6.67**	**8.47**	**0.64**	**339.92**
Balance as at March 31, 2023	**159.88**	**102.30**	**17.24**	**5.93**	**8.39**	**1.15**	**8.32**	**7.16**	**20.88**	**0.63**	**331.88**
Balance as at March 31, 2024	**157.48**	**99.76**	**20.02**	**5.27**	**8.81**	**1.33**	**9.88**	**7.44**	**20.88**	**0.62**	**331.49**

Notes:

1. The following properties are pending for title transfer in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/ director	Property held since which date
Property, plant and equipment	Land (Leasehold)	0.28	State Government of Himachal Pradesh	No	September 23, 1994
Property, plant and equipment*	Land (Freehold)	1.64	Erstwhile amalgamated Company	No	January 5, 2011
Property, plant and equipment**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	September 5, 2022

* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Himachal Pradesh on January 5, 2011, the above said land was transfered to the Company. Accordingly, the Company had filed an application before Jaipur Development Authority (JDA) for mutation of the aforesaid land in favour of the Company. The Collector (Stamps), Jaipur Circle-III raised a demand of ₹ 25 crore towards payment of stamp duty for carrying out such mutation. The Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On July 29, 2022, the division bench of the Jaipur High Court passed an order quashing the demand and directing fresh assessment of duty payable by the Company. Against the High Court order, Deputy Registrar, Collector (Stamps), Jaipur has filed an appeal before the Hon'ble Supreme Court and apex court dismissed the said appeal vide its order dated September 1, 2023 and ordered fresh assessment of the stamp duty to be carried out by the concerned authority. Deputy Registrar, Collector (Stamps), Jaipur have filed review petition before Honourable Supreme Court against its order dated September 1, 2023 outcome of which is still pending.

** The aforesaid land is alloted to the Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIIC and Company is currently having physical possession of the said land. TSIIC will execute sale deed in favour of the Company as per the conditions stipulated in the agreement to sell.

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2. During the previous year, Company had been sanctioned & disbursed capital subsidy amounting to ₹ 42.58 crore for investment in its newly manufacturing plant setup at Plot No S-9, E-City, Rangareddy, Telangana under Modified Special Incentive Package Scheme (MSIPS) by the Ministry of Electronics and Information Technology Department. The said capital subsidy had been duly adjusted against the carrying value of related Property, Plant and Equipment.

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, 2022	**10.82**	**13.96**	**0.54**	**0.58**	**25.90**
Additions	19.43	21.16	0.33	2.02	42.94
Disposals/Adjustments	8.69	13.88	0.51	-	23.08
Balance as at March 31, 2023	**21.56**	**21.24**	**0.36**	**2.60**	**45.76**
Additions	48.29	55.43	0.20	0.51	104.43
Disposals/Adjustments	4.25	20.54	0.36	2.60	27.75
Balance as at March 31, 2024	**65.60**	**56.14**	**0.20**	**0.51**	**122.45**

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, 2024	104.43	17.67	0.35	-	122.45
As at March 31, 2023	42.94	2.70	0.12	-	45.76

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per rolling annual plan.

5 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Particulars	Amount (₹)
Gross Carrying Value	
Balance as at April 1, 2022	**34.26**
Additions	10.52
Disposals/Adjustments	0.77
Balance as at March 31, 2023	**44.01**
Additions	109.29
Disposals/Adjustments	0.77
Balance as at March 31, 2024	**152.53**
Accumulated Amortisation	
Balance as at April 1, 2022	**22.76**
Amortisation for the year	6.09
Disposals/Adjustments	0.64
Balance as at March 31, 2023	**28.21**
Amortisation for the year	8.12
Disposals/Adjustments	0.78
Balance as at March 31, 2024	**35.55**
Net Carrying Value	
Balance as at April 1, 2022	**11.49**
Balance as at March 31, 2023	**15.81**
Balance as at March 31, 2024	**116.98**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

6 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Product Development
Balance as at April 1, 2022	**60.50**
Additions	137.62
Disposals/Adjustments	0.47
Balance as at March 31, 2023	**197.65**
Additions	166.87
Disposals/Adjustments	49.66
Balance as at March 31, 2024	**314.86**

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

Particulars	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
As at March 31, 2024	166.87	102.83	26.59	18.57	314.86
As at March 31, 2023	137.62	41.80	3.53	14.70	197.65

6.2 Projectwise completion schedule of overdue/over-run intangible assets under development as at March 31, 2024

Particulars	To be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
- Defence Communication Products	31.37	-	-	-	31.37
- 5G/4G Technological Products	9.91	-	-	-	9.91
Total	**41.28**	**-**	**-**	**-**	**41.28**

Projectwise completion schedule of overdue/over-run intangible assets under development as at March 31, 2023

Particulars	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	4.20	19.19	-	-	23.39
- 5G/4G Technological Products	-	-	9.91	-	9.91
Total	**4.20**	**19.19**	**9.91**	**-**	**33.30**

7 INVESTMENT IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
Subsidiaries	39.84	35.19
Jointly Controlled Entities	18.50	18.50
Total	**58.34**	**53.69**

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

7.1 Investment in subsidiaries and Jointly controlled entities

Particulars	Face value per share	As at March 31, 2024		As at March 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Equity Instruments – Equity Shares					
Subsidiary					
HTL Limited* #	100	11,10,000	18.60	11,10,000	13.95
Polixel Security Systems Private Limited	10	1,80,856	12.05	1,80,856	12.05
Moneta Finance Private Limited	10	10,20,000	2.35	10,20,000	2.35
HFCL Advance Systems Private Limited	10	90,000	0.09	90,000	0.09
Raddef Private Limited	10	9,000	0.01	9,000	0.01
DragonWave HFCL India Private Limited	10	70,00,000	5.74	70,00,000	5.74
HFCL Technologies Private Limited	10	10,00,000	1.00	10,00,000	1.00
HFCL B.V.	1 €	1	0.00	1	0.00
HFCL Inc.	1$	1	0.00	1	0.00
Jointly Controlled Entity					
Nimpaa Telecommunications Private Limited	10	10,00,000	1.00	10,00,000	1.00
BigCat Wireless Private Limited	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited – (Partly paid @ ₹6.50 per share (previous year : ₹ 6.50 per share) out of the face value of ₹10/- per share)	10	32,000	15.00	32,000	15.00
Total investments carrying value (at cost)			**58.34**		**53.69**
Aggregate carrying value of unquoted investments			58.34		53.69
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 Limited

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, 2024	As at March 31, 2023
Subsidiaries				
HTL Limited	Manufacturing of Optical Fiber Cable	India	74.00%	74.00%
Polixel Security Systems Private Limited	EPC Business in Security and Surveillance	India	100.00%	100.00%
Moneta Finance Private Limited	Finance business	India	100.00%	100.00%
HFCL Advance Systems Private Limited	Manufacturing of Defence and Telecom Equipment	India	90.00%	90.00%
Raddef Private Limited	Radio Communication Systems	India	90.00%	90.00%
DragonWave HFCL India Private Limited	Radio Communication Systems	India	100.00%	100.00%

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company	
			As at March 31, 2024	As at March 31, 2023
HFCL Technologies Private Limited	Manufacturing of Optical Fiber Cable, Fiber and Telecom equipment	India	100.00%	100.00%
HFCL B.V.	To cater the global demand of the products in the region	Netherlands	100.00%	100.00%
HFCL Inc.	To cater the global demand of the products in the region	USA	100.00%	100.00%
Jointly controlled entities				
Nimpaa Telecommunications Private Limited	Manufacturing of FRP and ARP	India	50.00%	50.00%
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%

8 NON-CURRENT FINANCIAL ASSETS – INVESTMENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted		
Investments – Others		
Investments in Equity instruments	149.29	-
Unquoted		
Investments – Others		
Investments in Equity instruments	17.98	37.09
Total	**167.27**	**37.09**

8.1 Detail of Non Current Financial Assets – Investments

Particulars	Face value per share	As at March 31, 2024		As at March 31, 2023	
		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	149.29	-	-
			149.29		**-**
(ii) Investment in equity instruments – Un-Quoted Equity Shares					
Exicom Tele-Systems Limited	10	-	-	6,30,223	19.35
Midas Communication Technologies Private Limited	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Limited	25	4,000	0.05	4,000	0.05
HFCL Bezeq Telecom Limited	10	100	-	100	-
Nivetti Systems Private Limited	1	2,17,594	17.93	2,17,594	17.69
			17.98		**37.09**
Total Investment FVTOCI			**167.27**		**37.09**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars	Face value per share	As at March 31, 2024		As at March 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Aggregate carrying value of quoted investments			149.29		-
Aggregate carrying value of unquoted investments			17.98		37.09
Aggregate amount of impairment in value of investments			-		-

* Includes Bonus shares issued by Exicom Tele-Systems Limited in the ratio of eleven equity shares for every one equity share held by the shareholders as on the record date on September 15, 2023. Valuation of these shares is done at closing market price prevailing at BSE Limited as at March 31, 2024.

9 NON-CURRENT FINANCIAL ASSETS – LOANS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good		
Loans to related parties (refer note 48 & 51)	87.73	71.58
Total	**87.73**	**71.58**

10 NON-CURRENT FINANCIAL ASSETS – OTHERS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good		
Fixed Deposits with Bank (maturity more than 12 months)*	32.83	33.65
Advances to related parties (refer note 48 & 51)	72.00	72.00
Security Deposits	15.61	8.08
Total	**120.44**	**113.73**

* Above fixed deposits are held as margin money/securities with banks.

11 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax reflect the net tax effects of temporary 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, 2022	**10.15**	**(6.56)**	**5.01**	**8.60**
(Charged)/Credited:				
- to Statement of profit and loss	1.87	(36.89)	0.89	(34.13)
- to other comprehensive income	(0.02)	-	-	(0.02)
As at 31 March, 2023	**12.00**	**(43.45)**	**5.90**	**(25.55)**
(Charged)/Credited:				
- to Statement of profit and loss	1.98	(48.47)	(2.81)	(49.30)
- to other comprehensive income	0.09	-	-	0.09
As at March 31, 2024	**14.08**	**(91.92)**	**3.09**	**(74.75)**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

12 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good		
Capital Advances-		
- to related party (refer note 51)	1.09	6.29
- to others	32.11	13.01
Total	**33.20**	**19.30**

13 INVENTORIES (AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)

Particulars	As at March 31, 2024	As at March 31, 2023
Inventories (As Certified and valued by the management)		
Raw Materials	89.82	123.49
Raw Materials in transit	37.12	72.19
	126.94	**195.68**
Work-in-progress	221.15	197.43
Finished goods	87.59	59.90
Stock-in-trade	168.60	118.43
Stock in trade in transit	-	0.52
Stores and Spares	10.57	8.84
Loose tools	2.76	2.07
Others (Packing Material)	1.34	1.58
Total	**618.95**	**584.45**

Notes:

(i) Work in progress includes contract work in progress of ₹214.79 crore (Previous year: ₹174.15 crore).

14 CURRENT FINANCIAL ASSETS – INVESTMENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted Investments		
(i) Investments in Mutual Funds	4.60	7.10
(ii) Investments in Equity Instruments -other	0.41	5.09
Total	**5.01**	**12.19**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

14.1 Detail of Current Financial Assets – Investments

Particulars	Face value	As at March 31, 2024		As at March 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Financial assets carried at fair value through Statement of Profit or Loss (FVTPL)					
(i) Investments in mutual funds – Unquoted Investment					
Union Liquid Fund Growth. -Direct plan	1000	-	-	9,398	2.04
Union Large & Mid Cap Fund Growth – Direct Plan	10	-	-	50,000	0.08
Union Bank Medium duration fund Regular	10	-	-	4,99,975	0.54
Union Hybrid Equity Fund-Growth	10	-	-	4,99,975	0.63
Baroda Business cycle fund-Regular Growth	10	-	-	4,99,965	0.49
Principal Cash Management fund – Dividend reinvestment plan	1000	-	-	235	0.03
MCNL Capital Compounder Fund – I	100	3,00,000	4.25	3,00,000	3.06
Quant Large Cap Fund – Regular Plan Growth	10	2,49,988	0.35	2,49,988	0.23
			4.60		**7.10**
Total Investment FVTPL			**4.60**		**7.10**
Financial assets measured at 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	0.08	18,200	0.10
Valiant Communications Limited	10	8,700	0.32	8,700	0.12
Poonawalla Fincorp Limited	2	-	-	1,52,830	4.47
Media Matrix Worldwide Limited	1	4,750	0.01	4,750	0.01
Sahara One Media and Entertainment Limited	10	2,50,950	-	2,50,950	0.39
			0.41		**5.09**
(ii) Investment in equity instruments – Un-Quoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Rashel Agrotech Limited	10	4,78,500	-	4,78,500	-
			-		-
Total Investment FVTOCI			**0.41**		**5.09**
Total Current Financial Investments			**5.01**		**12.19**
Aggregate carrying value of quoted investments			5.01		12.19
Aggregate carrying value of unquoted investments			-		-
Aggregate amount of impairment in value of investments			-		-

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

15 FINANCIAL ASSETS – TRADE RECEIVABLES

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good	520.31	2,044.32	423.11	1,740.94
which are credit impaired	-	4.78	-	4.78
Which have significant increase in credit risk	-	87.16	-	57.92
Less: expected credit loss allowance	-	(9.23)	-	(19.29)
Total	**520.31**	**2,127.03**	**423.11**	**1,784.35**
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	19.29	-	14.94
Add: Provided during the year	-	-	-	4.78
Less: Provision reversed	-	10.06	-	0.43
Balance at the end of the year	**-**	**9.23**	**-**	**19.29**

15.1 Ageing analysis of Trade Receivables as at March 31, 2024

Particulars	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,387.29	716.07	219.82	169.72	71.73	-	2,564.63
- which have significant increase in credit risk	-	-	-	-	-	87.16	87.16
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	4.78	-	-	4.78
Total	**1,387.29**	**716.07**	**219.82**	**174.50**	**71.73**	**87.16**	**2,656.57**
Less : Amount disclosed under non-current financial assets							(520.31)
Less: Expected credit loss allowance of trade receivables							(9.23)
Total current trade receivables							**2,127.03**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Ageing analysis of Trade Receivables as at March 31, 2023

Particulars	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,337.32	515.72	222.68	58.34	20.22	-	2,154.28
- which have significant increase in credit risk	-	-	-	-	-	57.92	57.92
- 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	**1,337.32**	**515.72**	**227.46**	**58.34**	**20.22**	**67.69**	**2,226.75**
Less : Amount disclosed under non-current financial assets							(423.11)
Less: Expected credit loss allowance of trade receivables							(19.29)
Total current trade receivables							**1,784.35**

15.2 The credit period towards trade receivables related to turnkey projects generally ranges between the achievement of specified milestones (execution based) and average project execution cycle which is around 6 to 18 months. General payment terms include processing time ranging between 60 to 120 days from the date of invoices/achievement of specified milestones with the respective customers.

15.3 In determining the allowance for trade receivables the Company has used practical expedients based on financial condition of the customers, ageing of the customer receivables & over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are Government and large Corporate organisations though there may be normal delays in collections.

15.4 Above balance of trade receivable include amount recoverable from related parties (refer note 51)

16 CURRENT FINANCIAL ASSETS – CASH & CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash & Cash Equivalents		
Balance with Banks in current account	9.81	30.45
Cash on hand	0.05	0.06
Fixed Deposits with Bank (Maturity less than 3 months)	11.00	30.84
Total	**20.86**	**61.35**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

17 CURRENT FINANCIAL ASSETS – OTHER BANK BALANCES

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed Deposits with Bank (Maturity less than 12 months)*	294.79	234.23
Balance with Bank in Dividend account**	0.91	0.83
Balance with Bank in QIP monitoring account**	0.04	-
Balance with Bank – CSR unspent** (refer note 53)	1.67	-
Total	**297.41**	**235.06**

* Out of above, fixed deposits of ₹228.92 crore (Previous year ₹234.23 crore) are held as margin money/securities with banks.

** Balances coming in above accounts has restricted use.

18 CURRENT FINANCIAL ASSETS – LOANS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to related parties (refer note 51)	2.00	2.00
Other Loans	15.50	16.50
Total	**17.50**	**18.50**

19 CURRENT FINANCIAL ASSETS -OTHER ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Security Deposits	1.45	7.20
Project and other vendors advances	458.01	456.86
Interest Receivables	12.12	8.88
Subsidy claim receivable form government	53.15	48.29
Receivables for sales of Investments	3.25	3.25
Total	**527.98**	**524.48**

20 CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	47.44	12.85
Total	**47.44**	**12.85**

21 OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Indirect tax recoverable	158.85	165.65
Prepaid Expenses	44.06	33.58
Export Incentive receivable	1.25	0.69
Other receivables	1.98	1.98
Contract Assets-Unbilled revenue (refer Note 31)	376.89	318.32
Total	**583.03**	**520.22**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

22 A. SHARE CAPITAL

(i) Authorised Share Capital

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2022	**5,10,00,00,000**	**510.00**	**2,50,00,000**	**250.00**
Increase during the year	-	-	-	-
As at March 31, 2023	**5,10,00,00,000**	**510.00**	**2,50,00,000**	**250.00**
Increase during the year	-	-	-	-
As at March 31, 2024	**5,10,00,00,000**	**510.00**	**2,50,00,000**	**250.00**

(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, 2022	**1,37,48,84,321**	**137.49**	**-**	**-**
Add: Shares issued during the year to the ESOP Trust *	11,74,100	0.12	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme	16,99,900	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	13,82,200	0.14	-	-
As at March 31, 2023	**1,37,63,76,121**	**137.64**	**-**	**-**
Add: Equity shares held in Trust during previous year under ESOP scheme*	13,82,200	0.14	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	5,10,14,491	5.10	-	-
Add: Shares issued during the year to warrant holders $	1,22,00,000	1.22	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	9,18,800	0.09	-	-
As at March 31, 2024	**1,44,00,54,012**	**144.01**	**-**	**-**

* 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 5,10,14,491, equity shares of face value of ₹1 each at an issue price of ₹69/- per equity share (including premium of ₹68/- per equity share), aggregating to ~₹ 352.00 crore (including securities premium of ₹346.90 crore). The issue was made through eligible Qualified Institutions Placement ("QIP") in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 & 62 and other relevant provisions of the Companies Act, 2013. Funds received in the ("QIP") of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

$ The Allotment Committee (Warrants) of the Board of Directors of the Company at its meeting held on February 7, 2024 and March 22, 2024 has made allotment of 1,00,00,000 & 22,00,000 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.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

(iii) Shareholders holding more than 5% of Equity Shares

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of share held	% of Holding	No. of share held	% of Holding
MN Ventures Private Limited	29,58,65,000	20.53	29,33,65,000	21.29
Nextwave Communications Private Limited	21,98,65,000	15.26	21,98,65,000	15.96

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	26,45,000	0.18	26,45,000	0.19	(0.01)
Mahendra Nahata	13,35,091	0.09	13,35,091	0.10	(0.01)
MN Ventures Private Limited	29,58,65,000	20.53	29,33,65,000	21.29	(0.76)
NextWave Communications Private Limited	21,98,65,000	15.26	21,98,65,000	15.96	(0.70)
Fitcore Tech-Solutions Private Limited	2,23,00,000	1.55	2,24,00,000	1.63	(0.08)
Vinsan Brothers Private Limited	6,71,600	0.05	6,71,600	0.05	(0.00)
Shanker Sales Promotion Private Limited	3,00,201	0.02	3,00,201	0.02	(0.00)
Total	**54,29,81,892**	**37.68**	**54,05,81,892**	**39.24**	**(1.56)**

(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, 2024	As at March 31, 2023
(i) Retained Earnings	1,959.79	1,674.75
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	141.88	14.82
b. Foreign currency translation reserve	(1.22)	(1.37)
(iii) Other Reserves		
a. Securities Premium	1,491.91	1,056.78
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.02	1.69
(iv) Money received against Convertible Warrants	3.80	28.20
Total	**3,677.68**	**2,855.38**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

(1) Brief description of Other Reserves:

a. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

b. Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each

c. Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.

(2) Brief description of Money received against Convertible Warrants:

The Board of Directors and Shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution passed on October 15, 2022, had approved the allotment of 1,41,00,000 (One crore Forty-One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price) to persons belonging to Promoter and Non-Promoter category in the preferential issue made under Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder.Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions passed on February 07, 2024 and March 22, 2024 had approved the allotment of 1,00,00,000 (One crore) and 22,00,000 (Twenty-Two Lakhs) equity shares respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

(i) Retained Earnings

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the reporting period	**1,674.75**	**1,444.65**
Add: Net profit for the period	309.66	254.60
Add/Less: adjustments for-		
Other Comprehensive Income for the year	(0.28)	0.06
Transfer on allotment of shares to employees pursuant to ESOP scheme	0.67	0.21
Dividend payable/paid on Equity shares for previous year	(28.58)	(24.80)
Adjustment of dividend paid to ESOP trust	0.02	0.03
Transfer to Retained Earnings from Changes in fair value of FVOCI equity instruments	3.55	-
Closing Balance	**1,959.79**	**1,674.75**

(ii) Components of Other Comprehensive Income

Particulars	Foreign currency translation reserve	Changes in fair value of FVOCI equity instruments
As at April 1, 2022	**(0.88)**	**10.85**
Increase during the year	-	3.97
Decrease during the year	0.49	-
As at March 31, 2023	**(1.37)**	**14.82**
Increase during the year	0.15	130.61
Decrease during the year	-	3.55
As at March 31, 2024	**(1.22)**	**141.88**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption Reserve	Employee Share based payment reserve
As at April 1, 2022	**1,053.85**	**80.50**	**1.90**
Increase during the year	5.65	-	-
Decrease during the year	2.72	-	0.21
As at March 31, 2023	**1,056.78**	**80.50**	**1.69**
Increase during the year	436.94	-	-
Decrease during the year	1.81	-	0.67
As at March 31, 2024	**1,491.91**	**80.50**	**1.02**

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2022	**-**
Increase during the year	28.20
Decrease during the year	-
As at March 31, 2023	**28.20**
Increase during the year	73.20
Decrease during the year	97.60
As at March 31, 2024	**3.80**

23 NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Borrowings		
Term Loans from Banks*	170.33	117.24
Vehicle Loans from Banks	5.25	3.83
	175.58	**121.07**
Less : Current maturities of long term borrowings – Term Loans	(38.82)	(36.29)
Less : Current maturities of long term borrowings – Vehicle Loans	(1.60)	(1.18)
Total	**135.16**	**83.60**

* net off of ₹3.43 crore (Previous year ₹1.04 crore) as finance charge.

Notes:

a) Term Loan of ₹ 59.21 crore (Previous year ₹ 86.67 crore) and ₹ 85.03 crore (Previous year ₹ NIL) from the Banks are secured by pari-passu first charge on entire Optical Fibre Project Assets at Hyderabad (Unit -1) 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 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. 12 months after date of commencement of the project respectively.

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

b) Term Loan of ₹ 20.62 crore (Previous year ₹30.57 crore) and ₹ 1.74 crore (Previous year ₹ NIL) from the Banks are secured by exclusive first charge on entire Optical Fibre Cable Project Assets at Hyderabad (Unit -2) both present and future, by way of equitable mortgage except land which is pari-passu charged with the lenders of Unit 1 and exclusive charge on machineries financed out of term loan respectively. 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 these term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period i.e. 12 months after date of commencement of the project and 16 structured quarterly instalments over a period of 4 years commencing after moratorium period i.e. 3 months after date of commencement of the project.

c) Term Loans of ₹3.73 crore (Previous Year NIL) 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.

d) Other Vehicle Loans of ₹5.25 crore (Previous Year ₹3.83 crore) from banks are secured by way of hypothecation of respective vehicle.

e) The Company has complied with all the debt covenants in both year ended March 31, 2024 and March 31, 2023.

f) Term and other Loans – Repayment schedule and rate of interest -

Particulars		Term Loan	Term Loan	Term Loan	Vehicle Loan
Secured					
Rate of Interest	9.45% to 10.95%	9.45% to 10.95%	10.90%	8.75%	7.50% to 10.30%
Outstanding amount	1,44,23,21,492	144.24	22.36	3.73	5.25
Repayment Due					
FY2024-25	24,99,79,113	25.00	13.74	0.08	1.60
FY2025-26	41,35,16,207	41.35	8.62	0.08	1.16
FY2026-27	46,80,28,571	46.80	-	0.09	1.15
FY2027-28 and onwards	31,07,97,601	31.09	-	3.48	1.34

24 NON-CURRENT LIABILITIES – PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	21.59	17.96
Provision for Leave Encashment	22.52	20.26
Total	**44.11**	**38.22**

25 CURRENT FINANCIAL LIABILITIES – BORROWINGS

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings – Loans repayable on demand		
Secured		
(i) from banks – Working Capital *	376.58	304.40
(ii) Current maturities of long-term borrowings (refer note 23)	40.42	37.47
Unsecured		
(i) from banks – Vendors bills discounting	103.76	107.44
(ii) from other parties – Inter Corporate Deposit #	163.15	70.07
Total	**683.91**	**519.38**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Notes:

* a) Working Capital Loans from banks aggregating to ₹341.51 crore (Previous year: ₹230.76 crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. and all other current assets of the company as well as by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.

b) Working Capital Loans from Banks aggregating to ₹ Nil (Previous year: ₹73.64 crore) were secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of IPMPLS back bone Project for Network for Spectrum (NFS). The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project for working capital consortium.

c) Working Capital Loan from Bank aggregating to ₹ 35.07 crore (Previous year: ₹ NIL) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of SWSM Project for UP Jal Nigam. The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Hyderabad, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first charge on entire current assets created in the SWSM project.

d) Unsecured vendors bills discounting is repayable on due dates as agreed with Banks.

e) Quarterly returns/statements of current assets filed by the Company with banks are in agreement with the books of accounts.

f) The Company has complied with all the debt covenants in both year ended March 31, 2024 and March 31, 2023.

Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 10% to 15%.

26 CURRENT FINANCIAL LIABILITIES – TRADE PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables – Undisputed		
Due to Micro and Small Enterprises (refer note no. 45)	61.56	55.49
Others	774.09	795.35
Total	**835.65**	**850.84**

Above balance of trade payable include amount payable to related parties (refer note 51).

Ageing of undisputed trade payables as at March 31, 2024

Description	Due to Micro, Small and Medium Enterprises	Others
Not due	59.20	460.33
Less than 1 year	2.36	254.84
1-2 years	-	55.62
2-3 years	-	2.48
More than 3 years	-	0.82
Total	**61.56**	**774.09**

Note: There are no disputed trade payables

Ageing of undisputed trade payables as at March 31, 2023

Description	Due to Micro and Small Enterprises	Others
Not due	44.18	557.59
Less than 1 year	11.13	202.97
1-2 years	0.13	9.03
2-3 years	0.05	23.99
More than 3 years	-	1.77
Total	**55.49**	**795.35**

Note: There are no disputed trade payables.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

27 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Retention Money*	270.25	239.79
Other Financial Liabilities		
Security deposit	4.53	4.80
Creditors for Capital Goods	2.68	4.63
Expenses Payables	126.45	65.18
Other Employees related liabilities	17.65	15.08
Unpaid Dividends	0.91	0.83
Total	**422.47**	**330.31**

* Retention money is due on completion of erection/contracts/final acceptance by the Company.

28 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	0.26	2.48
Total	**0.26**	**2.48**

29 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Liabilities payable	18.44	34.72
Advances from Customers	37.73	2.40
Contract Liability-Deffered revenue (refer Note 31)	30.01	-
Total	**86.18**	**37.12**

30 CURRENT LIABILITIES – PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	5.59	4.04
Provision for Leave Encashment	6.27	5.44
Provisions – Others	-	2.43
Total	**11.86**	**11.91**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

31 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale and Services		
- Manufacturing and trading activities	1,410.89	2,029.84
- Turnkey project related activities	2,659.30	2,359.47
Other Operating Revenues		
- Scrap sale	2.61	2.80
- Export Incentives	1.79	3.57
Total	**4,074.59**	**4,395.68**

Notes:

i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115.

ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, 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 ₹ 30.01 crore (Previous year ₹Nil) 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, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**318.32**	**146.86**
Revenue recognised during the year	339.26	305.79
Invoices raised during the year	280.69	134.33
Balance at the end of the year	**376.89**	**318.32**

(b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**-**	**-**
Increase due to invoicing during the year	30.01	-
Revenue recognised that was included in the unearned and deferred revenue*	-	-
Balance at the end of the year	**30.01**	**-**

* including performance obligation pertaining to projects suspended.

Revenues in excess of invoicing are classified as contract assets (which can also be referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be referred to as unearned revenues). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

32 OTHER INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other non-operating income		
Interest Income	56.40	13.71
Financial Guarantee Income	4.99	4.02
Exchange Fluctuation Income (Net)	8.77	18.15
Subsidy under state incentives scheme	3.18	5.30
Excess Provision written back	11.06	1.32
Bad Debt Recovered	9.92	-
Others	5.81	6.96
Total	**100.13**	**49.46**

33 COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	195.68	117.53
Add : Purchases during the year	571.89	1,047.39
	767.57	**1,164.92**
Less: Closing Stock	126.94	195.68
Total material consumed	**640.63**	**969.24**

34 OTHER DIRECT COST

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Project and labour service charges	1,065.98	952.81
Consumption of Packing Material	37.26	49.62
Consumption of stores and spares parts	17.06	19.59
Loose Tools written off	0.98	0.76
Total	**1,121.28**	**1,022.78**

35 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK-IN TRADE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Closing Stock		
Finished Goods	87.59	59.90
Stock in Trade- Goods	168.60	118.43
Work in process	221.15	197.43
	477.34	**375.76**
Opening Stock		
Finished Goods	59.90	30.47
Stock in Trade- Goods	118.43	73.10
Work in process	197.43	166.20
	375.76	269.77
Total	**(101.58)**	**(105.99)**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

36 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, bonus and allowances	237.93	253.24
Contribution to Provident and other funds	12.60	11.72
Staff welfare expenses	14.26	14.64
Total	**264.79**	**279.60**

37 FINANCE COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Bank Loan Interest	46.23	38.44
Other Interest (net)	6.99	10.51
Bank Charges and loan processing fee	60.19	65.58
Interest on lease liabilities (refer note 43)	1.61	2.30
	115.02	**116.83**

38 OTHER EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	4.65	3.11
Rates and Taxes	8.02	8.43
Auditors' Remuneration		
- Audit Fees	1.48	1.00
- In Other Capacity*	0.15	0.36
- Out of pocket expenses	0.28	0.27
Legal and Professional Charges	79.44	69.49
Communication Expenses	3.16	2.97
Travelling and Conveyance Expenses	48.47	41.36
Power and Fuel & Water Charges	25.56	30.58
Repairs and Maintenance	3.87	5.38
Insurance Expenses	12.53	10.24
Selling and Distribution Expenses	50.89	41.67
Bad debts, Loans and Advances, other balances written off (net)	-	0.25
Provision for doubtful debts (net) (refer note 15)	-	4.35
Sitting Fees to non-executive directors	0.68	0.57
Research & Product Development Expenses	9.77	4.50
Corporate Social Responsibility Expenses (refer note 53)	7.30	6.70
Miscellaneous Expenditure	23.07	23.91
Total	**279.32**	**255.14**

*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 Financial Statements

for the year ended March 31, 2024

(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, 2024	For the year ended March 31, 2023
Basic & Diluted Earnings per share:		
Profit for the year	309.66	254.60
Profit attributable to ordinary shareholders (A)	309.66	254.60
Weighted average number of ordinary shares (B)	1,41,50,93,024	1,37,91,62,051
(used as denominator for calculating basic EPS)		
Potential equity shares	-	-
Weighted average number of ordinary shares (C)	1,41,50,93,024	1,37,91,62,051
(used as denominator for calculating diluted EPS)		
Nominal value of ordinary share	₹1/-	₹1/-
Earnings per share – Basic (A/B)	2.19	1.85
Earnings per share – Diluted (A/C)	2.19	1.85

40 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of Judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and Judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

2. Recoverability of intangible asset and intangible assets under development

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 44.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

4. Revenue Recognition

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Judgement is also required to determine the transaction price for the contract. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

5. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant Judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Company has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

7. Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management Judgement 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 Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

41 RESEARCH & DEVELOPMENT

The Company has extensive research capabilities, continued innovation and unique capabilities as it is able to innovate and provide end to end solutions to its customers. R&D Centres of the company are focused on developing telecom and networking products to be intensively deployed in 5G and other communication networks and are situated at Bengaluru, Karnataka and Gurugram, Haryana. Both the R&D centres are registered with Department of Scientific and Industrial Research (DSIR) under Ministry of Science and Technology. Detail of amount spent on Research and Development is as below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Recognised as expenses in statement of Profit & Loss	9.77	4.50
(ii) Capital Expenditure on:		
(a) Tangible Assets	6.16	13.68
(b) Intangible Assets	55.54	10.13
(c) Intangible Assets under development being expenditure on new product development	161.58	136.60
(d) Advances and Investment in form of equity	-	12.30
Total	**233.05**	**177.21**

42 DIVIDEND DISTRIBUTION MADE AND PROPOSED

The amount of dividend recognised as distributions to equity shareholders during the year ended March 31, 2024 is @ 20 %, i.e. ₹0.20/- per equity share of face value of ₹1/- each (Previous Year ₹0.18/- per equity share). The Board of Directors at its meeting held on May 8, 2023 had recommended such dividend of 20% for the financial year ended March 31, 2023 which was approved by the shareholders at the Annual General Meeting held on September 30, 2023. The aforesaid dividend was paid during the year ended March 31, 2024.

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, 2024 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

43 LEASES

The details of the right-of-use asset held by the Company is as follows:

Particulars	Additions/ (Deductions) for the year ended March 31, 2024	Net carrying amount as at March 31, 2024	Additions/ (Deductions) for the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Land	-	0.09	-	0.09
Buildings	(0.60)	11.63	0.78	17.23
Total	**(0.60)**	**11.72**	**0.78**	**17.32**

Depreciation on right-of-use asset as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Land	0.00	0.00
Buildings	5.00	7.53
Total	**5.00**	**7.53**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

The details of the Lease Liabilities of the Company is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Current Liabilities	4.89	13.61
Non-Current Liabilities	9.07	6.20
Total	**13.96**	**19.81**

Interest on lease liabilities is ₹1.61 crore and ₹2.30 crore for the year ended March 31, 2024 and March 31, 2023 respectively.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract. The leases that the Company has entered with lessors towards properties used as ware houses/offices are long term in nature.

44 During the year, Company has recognised the following amounts in the financial statements as per Ind AS – 19 "Employees Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Statement of Profit and Loss for the year as under:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employer's Contribution to Provident Fund	12.57	11.69

b) Defined Benefit Plan

The employees' gratuity fund scheme is managed by HDFC Standard Life Insurance Company Limited which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation and the obligation for leave encashment is recognised in the same manner as gratuity.

Actuarial assumptions

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.23%	7.38%
Rate of increase in Compensation levels	7.10%	7.25%
Average remaining working lives of employees (Years)	18.58	18.92
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	24.98	21.43
Acquisition adjustment	Nil	Nil
Interest Cost	1.84	1.54
Past service cost (Vested Benefit)	-	-
Current Service Cost	4.65	3.90
Curtailment cost/(Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(1.47)	(1.69)
Actuarial (gain)/ loss on obligations	0.52	(0.20)

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of obligation as at the end of the period	30.52	24.98
Table showing changes in the fair value of plan assets:		
Fair value of plan assets at beginning of the year	2.98	2.90
Acquisition adjustments	Nil	Nil
Actual return of plan assets	0.22	0.21
Employer contribution	-	-
Benefits paid	-	-
Actuarial gain/ (loss) on obligations	0.14	(0.12)
Charges deducted	-	-
Fair value of plan assets at year end	3.34	2.99
Other Comprehensive Income		
Actuarial (gain)/loss for the year – Obligation	0.52	(0.20)
Actuarial (gain)/loss for the year – Plan assets	(0.14)	0.12
Total (gain)/loss for the year	0.38	(0.08)
Actuarial (gain)/loss recognised in the year	0.38	(0.08)
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	30.52	24.98
Fair value of plan assets as at the end of the year	3.34	2.99
Funded Status	(27.18)	(21.99)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(27.18)	(21.99)
Expenses recognised in Statement of Profit and Loss:		
Current service cost	4.65	3.90
Past service cost (Vested Benefit)	-	-
Interest Cost	1.84	1.54
Actual return on plan assets	(0.36)	(0.09)
Curtailment and settlement cost /(credit)	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	6.13	5.35
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	30.52	24.98
Impact due to increase of 0.5%	(1.22)	(1.29)
Impact due to decrease of 0.5%	1.30	1.18
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	30.52	24.98
Impact due to increase of 0.5%	1.29	1.21
Impact due to decrease of 0.5%	(1.23)	(1.33)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		
Maturity profile of defined benefit obligation:		

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
March 2024 to March 2025	4.67	2.32
March 2025 to March 2026	1.40	0.91
March 2026 to March 2027	1.73	0.81
March 2027 to March 2028	2.25	1.10
March 2028 to March 2029	1.73	1.78
March 2029 to March 2030	1.39	1.25
March 2030 onwards	17.36	16.81
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.34	2.99

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuarial Valuer.

c) Other Long Term Employee Benefits

Actuarial assumptions

Particulars	Leave Encashment	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.23%	7.38%
Rate of increase in Compensation levels	7.10%	7.25%
Average remaining working lives of employees (Years)	18.71	18.73
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	25.71	21.81
Acquisition adjustment	Nil	Nil
Interest Cost	1.90	1.57
Past service cost (Vested Benefit)	-	-
Current Service Cost	6.28	6.11
Curtailment cost/(Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(3.61)	(3.40)
Actuarial (gain)/ loss on obligations	(1.49)	(0.39)
Present value of obligation as at the end of the period	28.79	25.70
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	28.79	25.70
Impact due to increase of 0.5%	(1.56)	(1.46)
Impact due to decrease of 0.5%	1.55	1.44
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	28.79	25.70
Impact due to increase of 0.5%	(1.61)	(1.50)
Impact due to decrease of 0.5%	1.57	1.48

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

45 DISCLOSURE AS REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (THE ACT):

Particulars	As at March 31, 2024	As at March 31, 2023
Principal amount due to micro and small enterprises*	61.56	55.49
Interest due on above	-	0.55
Interest paid during the period beyond the appointed day	-	0.56
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	-	2.43
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 ₹59.20 crore (Previous year ₹44.18 crore) outstanding, but not overdue to micro and small enterprises as on 31 March 2024

46 OPERATIONAL BUYERS' CREDIT/SUPPLIERS CREDIT

Operational Buyers'/Suppliers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 5.00%-6.00% per annum. These trade credits are generally repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is partly backed by Standby Letter of Credit issued under working capital facilities sanctioned by Indian banks.

47 COMMITMENTS AND CONTINGENCIES

(a) Contingent Liabilities not provided for in respect of:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Unexpired Letters of Credit (margin money paid ₹35.07 crore; Previous year ₹33.62 crore)	223.38	224.13
(ii) Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits of ₹ 161.96 crore; Previous year ₹140.40 crore)	900.40	869.89
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 3.87 crore; (Previous year ₹ 3.87 crore))	53.96	38.99

Notes:

i) 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.

ii) 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.

iii) 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.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

iv) We have perused the judgement of Hon'ble Supreme Court vide its ruling given in February 2019 and it has been opined that if any allowance is not paid across the board, it shall not be treated as basic wages for the purpose of Employee Provident Fund contribution under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, hence we understand that no further liability lies upon us.

v) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

vi) As at March 31, 2024 the Company has outstanding term derivative contracts as referred in Note 59.

vii) There has been no delay in transferring amounts, required to be transferred if any, to the Investor Education and Protection Fund by the Company.

(b) Capital Commitments

Particulars	As at March 31, 2024	As at March 31, 2024
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	238.74	267.43
Uncalled capital commitment pertaining to investments	5.00	5.00

(c) Detail of Financial Guarantees given

On Behalf of	Issued to	As at March 31, 2024	As at March 31, 2024	Credit facilities Extended by Bank
Microwave Communications Limited	Credit Lyonnais Bank	9.60	9.60	Ad-hoc B/G
Microwave Communications Limited	The Vysya Bank Limited	4.06	4.06	Working Capital
Exicom Tele-Systems Limited	Punjab National Bank	6.50	6.50	Working Capital
HTL Limited	Consortium of State Bank of India, Yes Bank Limited and Kotak Mahindra Bank Limited	309.95	248.00	Term loan/ Working Capital
HTL Limited	Axis Finance Limited	53.00	-	Term Loan

48 HTL Limited, Subsidiary Company, has proposed for allotment of 8% redeemable and non-convertible preference share capital of ₹ 100 crore by way of conversion of outstanding loan and advances extended by HFCL Limited. The Subsidiary Company has submitted the proposal before the Department of Telecommunications (DoT) vide letter dated 22.03.2022 for seeking their administrative approval for the proposal so that the required formalities under the Companies Act can be taken up accordingly. In view of this, entire advances & loans receivable from HTL Limited have been classified under Non-Current Assets in the financial statements. (Refer Note 9 and 10)

49 In the opinion of the Board, all assets other than property, plant and equipment and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated. Balances of various trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Financial Statements. "

50 The Company's Solan manufacturing facility is experiencing limited operations due to rapid technological advancements and other changes in the industry landscape. Currently, Solan facility is primarily generating revenue through job work operations. In a proactive move to optimise costs, the Company's Board had decided to realign its manufacturing facilities and operations. This entails transferring certain plant and machinery, along with testing equipment, from the

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Solan facility to other manufacturing locations. Simultaneously, the management is actively exploring opportunities to revitalise operations at the Solan Facility by identifying potential alternative uses for the facility."

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. – Netherlands
(b) Step down Subsidiary	HFCL Inc. – Canada
(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
	Vinsan Brothers Private Limited
	Fitcore Tech-Solutions Private Limited
(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 Financial Statements

for the year ended March 31, 2024
(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, 2024 are as under:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Purchases/receiving of Goods & Services		
HTL Limited	288.19	521.32
Polixel Security Systems Private Limited	0.81	0.28
Raddef Private Limited	6.93	1.95
DragonWave HFCL India Private Limited	0.60	0.60
HFCL B.V.	14.69	8.45
HFCL Inc.	9.58	3.35
Exicom Tele-systems Limited	0.66	1.52
Bigcat Wireless Private Limited	-	2.10
Sales/rendering of Goods & Services		
HTL Limited	145.87	399.09
HFCL Technologies Private Limited	1.34	-
Exicom Tele-systems Limited	2.19	3.10
HFCL B.V.	1.99	-
HFCL Inc.	6.38	-
Investments		
Bigcat Wireless Private Limited	-	7.00
Income – Rent /Other Income		
HTL Limited	4.80	12.30
Exicom Tele-systems Limited	0.46	0.46
Exicom Energy System Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
HFCL Advance Systems Private Limited	0.01	0.01
Income – Interest on loan given		
HTL Limited	9.65	9.65
Nimpaa Telecommunications Private Limited	0.33	0.50
Raddef Private Limited	0.18	0.18
HFCL Technologies Private Limited	4.25	1.80
Expenses – Rent /Other expenses		
HTL Limited	-	4.59
Exicom Tele-systems Limited	0.87	0.84
Satellite Finance Private Limited	0.39	0.36
Shankar Sales Promotion Private Limited	0.78	0.73
Vinsan Brothers Private Limited	0.78	0.79
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(0.50)	(1.00)
Polixel Security Systems Private Limited	0.70	(2.49)
Raddef Private Limited	3.95	3.38
HFCL Technologies Private Limited	16.65	44.08

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata (Managing Director)	0.91	4.29
Mr. Vijay Raj Jain (Chief Financial Officer)	(0.60)	(0.50)
Dividend paid		
MN Ventures Private Limited	5.87	5.28
Nextwave Communications Private Limited	4.40	3.96
Shankar Sales Promotion Private Limited	0.01	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.45	0.40
Mr. Mahendra Nahata	0.03	0.02
Mr. Anant Nahata	0.05	0.05
Mr. Vijay Raj Jain	0.01	0.01
Mr. Manoj Baid	0.00	0.00
HFCL Employees Trust	0.02	0.03
Warrants (Convertible into Equity Shares on preferential basis)		
MN Ventures Private Limited	60.00	20.00
Mr. Vijay Raj Jain (Chief Financial Officer)	9.00	3.00
Mr. Manoj Baid (President & Company Secretary)	1.20	0.40
Closing Balances of Receivables		
Exicom Tele-systems Limited	0.29	9.68
Nimpaa Telecommunications Private Limited	0.07	0.10
Raddef Private Limited	0.82	0.66
HTL Limited	3.06	7.03
Polixel Security Systems Private Limited	0.12	-
HFCL Technologies Private Limited	1.58	-
HFCL B.V.	1.99	-
HFCL Inc.	6.38	-
Exicom Energy System Private Limited	-	0.01
Exicom Power Systems Private Limited	-	0.01
Closing Balances of Loans		
HTL Limited	24.50	24.50
Raddef Private Limited	2.00	2.00
Nimpaa Telecommunications Private Limited	2.50	3.00
HFCL Technologies Private Limited	60.73	44.08
Closing Balances of Advances		
HTL Limited	72.00	72.00
Raddef Private Limited	1.09	6.29
Closing balances of Security deposit		
Vinsan Brothers Private Limited	0.40	0.40
Satellite Finance Private Limited	0.16	0.16

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Closing Balances of Trade payables		
HTL Limited	129.29	75.25
Polixel Security Systems Private Limited	-	0.27
Shankar Sales Promotion Private Limited	0.14	0.15
Vinsan Brothers Private Limited	0.13	-
Satellite Finance Private Limited	-	0.01
DragonWave HFCL India Private Limited	1.16	0.65
Contribution towards ESOP Trust		
HFCL Employees Trust (net)	1.84	2.81
Guarantees and collaterals given		
Exicom Tele-systems Limited	6.50	6.50
HTL Limited	362.95	248.00
Closing balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	5.21	4.29
Mr. Vijay Raj Jain (Chief Financial Officer)	-	0.60
Remuneration of Key Management Personnel*		
Mr. Mahendra Nahata (Managing Director)	9.80	6.80
Mr. Vijay Raj Jain (Chief Financial Officer)	4.55	3.58
Mr. Manoj Baid (President & Company Secretary)	1.42	0.88
Remuneration Payable		
Mr. Mahendra Nahata (Managing Director)	0.22	0.55
Mr. Vijay Raj Jain (Chief Financial Officer)	0.13	0.02
Mr. Manoj Baid (President & Company Secretary)	0.02	0.04
ESOP exercised		
Mr. Vijay Raj Jain (Chief Financial Officer)	-	0.19
Mr. Manoj Baid (President & Company Secretary)	-	0.09

* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Major Terms and Conditions of transactions with related parties:

i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

ii) The remuneration to Key Managerial Personnel are in line with the HR policies of the company.

iii) Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with HR policies of the Company.

iv) 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.

v) The interest and /or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Company and dividend paid on such securities is uniformally applicable to all the holders.

vi) Outstanding balances of group companies at the year-end are unsecured.

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

52 SEGMENT REPORTING

The Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

53 CORPORATE SOCIAL RESPONSIBILITY EXPENSES:

Particulars		Year Ended March 31, 2024	Year Ended March 31, 2024
Gross amount to be spent by the Company during the year		7.18	6.93
Amount approved by the Board to be spent during the year		7.30	7.00
Amount spent during the year:			
Contribution on acquisition of assets	-		
On other purposes	2.07		3.46
5% of CSR obligation as spent on overhead expenses	0.35	2.42	0.30
Shortfall at the end of the year		4.88	3.24
Total Previous year shortfall		-	-
Reason for shortfall		Pertains to ongoing CSR project	Pertains to ongoing CSR project
Nature of CSR activities		Healthcare, Education, Care for the elderly etc.	Healthcare, Education, Care for the elderly etc.
Details of related party transactions, e.g. contribution to a trust controlled by the company			
- HFCL Social Service Society		2.10	3.40
Provision made with respect to a liability incurred by entering into a contractual obligation			
Opening Balance		3.24	0.04
Add: Provision made during the year		4.88	3.24
Less: Payment made during the year		1.56	0.04
Closing Balance		**6.56**	**3.24**

54 Interest charges on loans is net of Interest income from loans and advances amounting to ₹18.40 crore (Previous year ₹14.88 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, 2024	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Private Limited	Shareholder	0.00	Not Related
Abhay Carriers Private Limited	Shareholder	0.00	Not Related
Adinath Financial Service Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Limited	Shareholder	0.00	Not Related

Notes forming part of Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Ashok Investors Trust Limited	Shareholder	0.00	Not Related
Astral Auto Parts Private Limited	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Limited	Shareholder	0.00	Not Related
Bdja Securities Private Limited	Shareholder	0.00	Not Related
Binary Solutions Private Limited	Shareholder	0.00	Not Related
Bkg Securities Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Chothani Fibres Private Limited	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Dauji Investments Private Limited	Shareholder	0.00	Not Related
Esteem Capital Services (P) Limited	Shareholder	0.00	Not Related
Excel Capital Services P Limited	Shareholder	0.00	Not Related
Farhan Traders Private Limited	Shareholder	0.00	Not Related
Highlands Garments Private Limited	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Private Limited	Shareholder	0.00	Not Related
Jalsagar Commercial Private Limited	Shareholder	0.00	Not Related
Kanha Shares Private Limited	Shareholder	0.00	Not Related
Kothari Intergroup Limited	Shareholder	0.00	Not Related
Lakshana Holdings (P) Limited	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Private Limited	Shareholder	0.00	Not Related
Maa Biz Services Private Limited	Shareholder	0.00	Not Related
Modern Gears Private Limited	Shareholder	0.00	Not Related
Modern Information & Systems Private Limited	Shareholder	0.00	Not Related
Murlidhar Securities Private Limited	Shareholder	0.00	Not Related
Pegasus Mercantile Private Limited	Shareholder	0.00	Not Related
Positive Tracon Private Limited	Shareholder	0.00	Not Related
Pragya Mercantile Private Limited	Shareholder	0.00	Not Related
Ramdayal Associates Limited	Shareholder	0.00	Not Related
Ronak Fabrics Private Limited	Shareholder	0.01	Not Related
Sai Shipping Company Private Limited	Shareholder	0.00	Not Related
Sai Shirdi Lea – Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Private Limited	Shareholder	0.00	Not Related
Shyam Engineering Co Private Limited	Shareholder	0.00	Not Related
Spectrum Stock Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Private Limited	Shareholder	0.00	Not Related
Suraj Enterprise Private Limited	Shareholder	0.00	Not Related
Surakshit Securities Private Limited	Shareholder	0.00	Not Related

Notes forming part of Financial Statements
for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Touchstone Stock Management P. Limited	Shareholder	0.00	Not Related
Vaishak Shares Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Private Limited	Shareholder	0.00	Not Related
Vinod Housing Private Limited	Shareholder	0.00	Not Related
Vms Consultants Private Limited	Shareholder	0.00	Not Related
Woodmen Products (P) Limited	Shareholder	0.00	Not Related
Yash Stockbrokers Private Limited	Shareholder	0.00	Not Related
Yash Vardhan Securities Limited	Shareholder	0.00	Not Related
Zen Securities Limited -Clients (Dormant)	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Private Limited	Shareholder	0.00	Not Related

Name of the Struck off Companies	Nature of transactions	Balance outstanding at the end of the year as at March 31, 2023	Relationship with the Struck off company, if any, to be disclosed
Vaishak Shares Limited	Shareholder	0.00	Not Related
Kothari Intergroup Limited	Shareholder	0.00	Not Related
Chothani Fibres Private Limited	Shareholder	0.00	Not Related
Farhan Traders Private Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Esskyennr Securities Limited	Shareholder	0.00	Not Related
S J Capital Limited	Shareholder	0.00	Not Related
Yash Stockbrokers Private Limited	Shareholder	0.00	Not Related
Vinod Housing Private Limited	Shareholder	0.00	Not Related
Woodmen Products Private Limited	Shareholder	0.00	Not Related
Dapki And Bavishi Securities Private Limited	Shareholder	0.00	Not Related
N D Stocks Private Limited	Shareholder	0.00	Not Related
G- Mat Trading Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Puja Supertech Private Limited	Shareholder	0.00	Not Related
Interstate Share Broking Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Aakansha Portfolio Private Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Limited	Shareholder	0.00	Not Related
Shahuji Global Solution Private Limited	Shareholder	0.00	Not Related
B S Investment Co.Private Limited	Shareholder	0.00	Not Related
Ramdayal Associates Limited	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Private Limited	Shareholder	0.00	Not Related
N.R.I. Financial Services Limited	Shareholder	0.00	Not Related

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding at the end of the year as at March 31, 2023	Relationship with the Struck off company, if any, to be disclosed
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Jalsagar Commercial Private Limited	Shareholder	0.00	Not Related
Shyam Engineering Co Private Limited	Shareholder	0.00	Not Related
Kanha Shares Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Lakshana Holdings Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Murlidhar Securities Private Limited	Shareholder	0.00	Not Related
Surakshit Securities Private Limited	Shareholder	0.00	Not Related
Sinnar Steels Private Limited	Shareholder	0.00	Not Related
Modern Information & Systems Private Limited	Shareholder	0.00	Not Related
BDJA Securities Private Limited	Shareholder	0.00	Not Related
Steelman Investments Private Limited	Shareholder	0.00	Not Related
Touchstone Stock Management Private Limited	Shareholder	0.00	Not Related
Malnad Investors Association Limited	Shareholder	0.00	Not Related
Balia Consultancy Services Private Limited	Shareholder	0.00	Not Related
Asha Latex & Allied Industries Private Limited	Shareholder	0.00	Not Related
Sai Shirdi Lea – Fin Private Limited	Shareholder	0.00	Not Related
Pegasus Mercantile Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Enpee Investments Private Limited	Shareholder	0.00	Not Related
HMK Capital Management Private Limited	Shareholder	0.00	Not Related
Sun Shine Holdings Private Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Excel Capital Services Private Limited	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Megha Investments Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Private Limited	Shareholder	0.00	Not Related
VMS Consultants Private Limited	Shareholder	0.00	Not Related
Kaliangi Constructions Private Limited	Trade Payable	0.06	Not Related
NGS Technology Private Limited	Trade Payable	0.13	Not Related
Overarching Solutions Private Limited	Trade Payable	0.02	Not Related
Dexterous Engineering Private Limited	Trade Payable	0.01	Not Related
Visat Services Private Limited	Trade Payable	0.04	Not Related
Saransh Infrastructure Limited	Trade Payable	0.00	Not Related
Snpr Constructions Private Limited	Trade Payable	0.22	Not Related
G Fazco Infra Private Limited	Trade Payable	0.01	Not Related

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

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 FY21-22, 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, 2024 and March 31, 2023 is as follows:

Particulars	Shares arising out of options*	
	Year ended March 31, 2024	Year ended March 31, 2023
Employee Stock Options (ESOPs)		
Outstanding at the beginning	13,82,200	30,21,000
Granted	-	-
Exercised	4,63,400	14,91,800
Forfeited and expired	-	1,47,000
Outstanding at the end	9,18,800	13,82,200
Exercisable at the end	9,18,800	13,82,200
Restricted Stock Units (RSUs)		
Outstanding at the beginning	-	-
Granted	-	-
Exercised	-	-
Forfeited and expired	-	-
Outstanding at the end	-	-
Exercisable at the end	-	-

* Includes options granted to employees of subsidiary company

The details of equity-settled RSUs and ESOPs outstanding as at March 31, 2024 are as follows:

Range of exercise prices per share	Options outstanding		
	No of Shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
20-25 (ESOPs)	9,18,800	1	20.65

Notes forming part of Financial Statements

for the year ended March 31, 2024

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

Particulars	For ESOPs granted during the year ended March 31, 2024
Weighted average share price (₹)	20.65
Exercise price (₹)	20.65
Expected volatility	56.4% to 59.1%
Expected life of the option (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

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behaviour of the employee who receives the RSU/ESOP. Expected volatility during the expected term of the RSU/ESOP 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 RSU/ESOP.

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, 2024	March 31, 2023	2023-24	2022-23
HTL Limited	96.50	96.50	96.50	96.50
HFCL Technologies Private Limited	60.73	44.08	60.73	44.08
Raddef Private Limited	2.00	2.00	2.00	2.00
Nimpaa Telecommunications Private Limited	2.50	3.00	3.00	3.00

Disclosure pursuant to section 186 of The Companies Act 2013:

Sr. No.	Nature of Transaction (Loans given/ Investment made/Guarantee given/ Security provided)	Purpose for which the loan/guarantee/ security is proposed to be utilised by the recipient	2023-24	2022-23
(A)	**Loans and Advances**			
	Subsidiary Companies:			
	(a) HTL Limited	Capex and working capital	96.50	96.50
	(b) HFCL Technologies Private Limited	Project funding	60.73	44.08
	(c) Raddef Private Limited	Investment for product development	2.00	2.00
	Other Related Party:			
	Nimpaa Telecommunications Private Limited	Working capital	2.50	3.00
(B)	**Guarantees Given**			
	Subsidiary Company:			
	HTL Limited	Corporate guarantee given for Debt	362.95	248.00
	Other Related Party:			
	Exicom Tele-systems Limited	Corporate guarantee given for Debt	6.50	6.50
	Other Company:			
	Micorwave Communications Limited	Corporate guarantee given for Debt	13.66	13.66

Notes forming part of Financial Statements

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(All amounts are in ₹ Crore)

58 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, lease liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

58.1 Financial Instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	167.27	-	-	37.09	-
ii) Structured entity (current assets)						
a) Sumedha Fiscal Services Limited	-	0.08	-	-	0.10	-
b) Valiant Communications Limited	-	0.32	-	-	0.12	-
c) Poonawalla Fincorp Limited	-	-	-	-	4.47	-
d) Media Matrix Worldwide Limited	-	0.01	-	-	0.01	-
e) Sahara One Media and Entertainment Limited	-	-	-	-	0.39	-
B) Mutual funds	4.60	-	-	7.10	-	-
II) Trade receivables	-	-	2,647.33	-	-	2,207.45
III) Bank deposits	-	-	32.83	-	-	33.65
IV) Cash and Cash equivalents	-	-	20.86	-	-	61.35
V) Other Bank balances	-	-	297.41	-	-	235.06
VI) Security deposit for utilities and premises	-	-	1.44	-	-	7.20
VII) Other receivables	-	-	719.36	-	-	687.44
Total financial assets	**4.60**	**167.68**	**3,719.23**	**7.10**	**42.18**	**3,232.15**
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	655.92	-	-	532.91
B) From Others	-	-	163.16	-	-	70.07
II) Obligations under Finance Lease	-	-	13.96	-	-	19.81
III) Operational Buyers' Credit/Suppliers' Credit	-	-	-	-	-	168.13
IV) Retention Money	-	-	270.25	-	-	239.79
V) Trade payables	-	-	835.66	-	-	850.83
VI) Other liabilities	-	-	152.20	-	-	90.52
Total Financial liabilities	**-**	**-**	**2,091.15**	**-**	**-**	**1,972.06**

Notes forming part of Financial Statements

for the year ended March 31, 2024
(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, 2024

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2024	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	14	-	4.60	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.08	-	-
b) Valiant Communications Limited	14	0.32	-	-
c) Poonawalla Fincorp Limited	14	-	-	-
d) Media Matrix Worldwide Limited	14	0.01	-	-
e) Sahara One Media and Entertainment Limited	14	-	-	-
f) Exicom Tele-Systems Limited	8	149.29	-	-
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
h) Nivetti Systems Private Limited	8	-	-	17.93
Total Financial Assets		**149.70**	**4.60**	**17.98**

(b) Year Ending March 31, 2023

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2023	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	14	7.10	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.10	-	-
b) Valiant Communications Limited	14	0.12	-	-
c) Poonawalla Fincorp Limited	14	4.47	-	-
d) Media Matrix Worldwide Limited	14	0.01	-	-
e) Sahara One Media and Entertainment Limited	14	0.39	-	-
f) Exicom Tele-Systems Limited	8	-	-	19.35
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
h) Nivetti Systems Private Limited	8	-	-	17.69
Total Financial Assets		**12.19**	**-**	**37.09**

Notes forming part of Financial Statements

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(All amounts are in ₹ Crore)

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

58.2 MANAGEMENT OF FINANCIAL RISK

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2024					
Trade payables	26	835.66	835.66	-	**835.66**
Retention Money	27	270.25	270.25	-	**270.25**
Other liabilities	23,25,27,43,47	985.23	841.00	144.23	**985.23**
As at March 31, 2023					
Trade payables	26	850.83	850.83	-	**850.83**
Retention Money	27	239.79	239.79	-	**239.79**
Other liabilities	23,25,27,43,47	881.45	791.65	89.80	**881.45**

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI & FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
Exposure in Equity The Company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments. Equity Price Risk is related to the change in market reference price of the investments in equity securities.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits as per the risk management policies. The use of any new investment must be approved by the Management.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period. If the equity prices had been 10% higher/lower: Total comprehensive income for the year ended March 31, 2024 would increase/decrease by ₹ 17.27 crore (for the year ended March 31, 2023: increase/decrease by ₹ 4.93 crore) as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.	In order to manage its interest rate risk, the Company diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional ₹2.05 crore loss for year ended March 31, 2024 (₹1.51 crore loss for year ended March 31 2023).

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to 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, 2024	As at March 31, 2023
Debt	819.07	602.98
Less : Cash and Cash equivalents (Note 16)	(20.86)	(61.35)
Net Debt	**798.21**	**541.63**
Total Equity	3,821.69	2,993.02
Net Debt to Equity Ratio	**0.21**	**0.18**

Notes forming part of Financial Statements

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(All amounts are in ₹ Crore)

58.3 Analytical Ratios

Ratio Analysis	Numerator	Denominator	Current Year	Previous Year	% Variance	Reason for variance
Current ratio (in times)	Total Current assets	Total Current liability	2.08	1.94	7.22%	Not Applicable as change is less than 25%
Debt- Equity ratio (in times)	Total Debt	Total Equity	0.21	0.20	5.00%	
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	7.22	6.44	12.11%	
Return of equity ratio (in %)	Net Profit after Taxes	Average Total Equity	9.09	8.90	2.13%	
Inventory turnover ratio (in times)	Cost of Goods sold	Average Inventory	5.06	6.84	-26.02%	Due to better inventory management
Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade receivables	1.68	1.91	-12.04%	Not Applicable as change is less than 25%
Trade payables turnover ratio (in times)	Total Purchases	Average Trade payables	3.65	3.93	-7.12%	
Net working Capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	2.03	2.58	-21.32%	
Net profit ratio (in %)	Net profit for the year	Revenue from operations	7.60	5.79	31.26%	Margins has Improved in the turnkey segment
Return on capital employed (in %)	Net Profit before Interest & Tax	Average Capital Employed (i.e. Networth plus total debt)	14.83	15.36	-3.45%	Not Applicable as change is less than 25%
Return on investment (in %)	Income generated from invested funds	Average invested fund in Investments	149.19	5.43	2647.51%	Due to increase in fair value of investments

Notes forming part of Financial Statements

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(All amounts are in ₹ Crore)

59 FOREIGN CURRENCY EXPOSURE

a) The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy, which provides principles on the use of such forward contracts consistent with Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

b) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Details of outstanding Hedging Contracts relating to Foreign LCs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	23,67,311	19.73	1,15,77,243	96.13

c) Foreign Currency exposure

Particulars		As at March 31, 2024		As at March 31, 2023	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	2,94,32,125	246.32	5,87,55,552	484.15
	EUR/INR	11,27,456	10.22	11,61,758	10.50
	GBP/INR	33,35,752	35.26	43,33,875	44.31
	MUR/INR	4,61,272	0.08	6,46,732	0.12
	BDT/INR	1,42,21,642	1.08	2,90,05,177	2.23
	SGD/INR	20,925	0.13	-	-
	JPY/INR	-	-	1,72,000	0.01
Trade receivable	USD/INR	1,30,20,212	108.26	92,14,772	75.37
	EUR/INR	38,38,853	34.36	97,20,535	86.27
	GBP/INR	21,70,882	22.74	1,11,13,041	112.45
	MUR/INR	4,83,949	0.09	52,21,007	0.95
	BDT/INR	3,73,28,772	2.84	2,74,13,077	2.10
	AED/INR	1,11,243	0.25	1,11,243	0.25
Cash and Bank Balances	GBP/INR	5,32,856	5.58	11,17,363	11.31
	MUR/INR	46,99,421	0.84	2,10,75,475	3.84
	BDT/INR	93,47,720	0.71	3,05,55,124	2.34
Other Assets	GBP/INR	35,14,486	36.82	33,82,076	34.22
	MUR/INR	4,53,03,551	8.11	3,15,25,552	5.74
	BDT/INR	4,64,30,506	3.53	2,88,48,913	2.21

Notes forming part of Financial Statements

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Particulars		As at March 31, 2024		As at March 31, 2023	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Other Liabilities	GBP/INR	6,64,849	6.97	9,55,738	9.77
	MUR/INR	2,79,928	0.05	25,45,397	0.46
	BDT/INR	6,30,65,220	4.79	4,15,08,887	3.18

d) Foreign currency sensitivity analysis:

The following details are demonstrate the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.

Impact on profit or loss for the year	Year Ended March 31, 2024		Year Ended March 31, 2023	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
USD Impact	6.90	(6.90)	20.44	(20.44)
EURO Impact	(1.21)	1.21	(3.79)	3.79
GBP Impact	(1.15)	1.15	(5.20)	5.20
JPY Impact	-	-	-	-
MUR Impact	(0.45)	0.45	(0.50)	0.50
BDT Impact	(0.06)	0.06	(0.06)	0.06
AED Impact	(0.01)	0.01	(0.01)	0.01
SGD Impact	0.01	(0.01)	-	-

60 TAX RECONCILIATION

Particulars	F.Y. 2023-24	F.Y. 2022-23
Net Profit as per Statement of Profit and Loss (before tax)	412.45	341.69
Current Tax rate @ 25.17%	**103.81**	**86.00**
Adjustment:		
Depreciation	(48.48)	(36.89)
The amount of eligible/ineligible expenditure	(1.84)	3.86
Tax Provision as per Books	**53.49**	**52.97**

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

61 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standard under Companies (Indian Accounting Standards) rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

62 The Company was awarded an Arbitration claim dated 29-Sep-2023 amounting to ₹ 55.94 crore. Accordingly, interest of ₹ 36.25 crore, Bad debt recovery of ₹ 9.92 crore and reversal of provision for doubtful debts of ₹ 9.77 crore have been accounted for under Other Income.

Notes forming part of Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ Crore)

63 OTHER STATUTORY INFORMATION:

i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

v) The Company does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.

vii) The Company is not declared wilful defaulter by bank or financial institution or lender during the year.

viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

ix) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.

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

P. D. Baid
Partner
M. No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M. No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Independent Auditors' Report

To the Members of **HFCL Limited**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of **HFCL Limited** (hereinafter referred to as the' "Parent"), its subsidiaries (the parent company and its subsidiaries together referred to as the "Group") and its jointly controlled entities which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of subsidiaries, jointly controlled entities and branches, as referred to in the other matter paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities and consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraph (a) to (e) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional Judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matters	Response to Key Audit Matters
With respect to Parent Company – HFCL Limited		
1	**Customer contracts – accuracy of revenue recognition, valuation of contract assets, work in progress (WIP), trade and other receivables, and accuracy of contract liabilities** For the year ended March 31, 2024, revenue from customer contracts amounts to ₹ 4,074.59 Crores whereas as at March 31, 2024, contract assets amount to ₹ 376.89 Crores, the balance of work in progress (WIP) amounts to ₹ 214.79 Crores and retention amounts to ₹ 270.25 Crores.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. For the revenue recognised throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.

S. No.	Key Audit Matters	Response to Key Audit Matters
	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 recognised over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. (Refer Notes 31 to the consolidated financial statements). During order fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancelations have to be considered. As a result, total estimated contract costs may exceed total contract revenues and therefore require write-offs of contract assets, receivables and the immediate recognition of the expected loss as a provision. Regarding the revenue recognised at a point in time (PIT), the risks include inappropriate revenue recognition from revenue being recorded in the wrong accounting period or at amounts not justified as well as overstated WIP that requires impairment adjustments.	These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.
2	**Valuation of accounts receivable – risk of credit losses** Parent Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Parent's financial statements amounting to ₹ 2,656.57 crores as of March 31, 2024 and provisions for impairment of receivables is an area which is influenced by management's ¬estimates and Judgement. The provision for impairment of receivables amounted to ₹ 9.23 crores as at March 31, 2024. Refer to the Note 15 to the consolidated financial statements.	Our audit incorporated the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; • Assessment of the Parent's credit policy outlining authority for approving and responsibility to manage credit limits; • Inquiries with committee in order to understand and assess governance and follow-up/monitoring of key customers; • Analytical procedures and inquiries with Business Area; • Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Parent Company manage credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to the Group's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.

S. No.	Key Audit Matters	Response to Key Audit Matters
3	**Assessment of the carrying value of Intangible Assets (including intangible assets under development)** The Parent Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Parent Company records the qualifying expenditure as 'intangible assets under development'. The Parent Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis. The determination of the recoverable values of intangible assets (including intangible assets under development) for carrying out impairment assessment involves several key assumptions including discount rates and future cash flow projections for ascertaining future economic benefits expected to be generated by such assets. The Parent Company has carried out an impairment assessment of intangible assets (including intangible assets under development) and concluded that the recoverable value is higher than the carrying amount of such assets. Accordingly, no adjustment to the carrying amount of intangible assets (including intangibles assets under development) is considered necessary as at March 31, 2024. Considering significant degree of judgement in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the consolidated financial statements.	Our audit procedures, which involved applying materiality and sampling techniques, included the following: • Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for assessing the recoverable values of intangible assets (including intangible assets under development). • Testing a sample of projects to ensure appropriate capitalised on of qualifying costs. • Assessing whether sufficient economic benefits are likely to flow from the projects to support the values capitalised. • Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis (e.g. forecasted revenue, margin percentages, etc.) • Reading the management's experts' views, as Applicable. • Assessed the adequacy of disclosure in consolidated financial statement Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangible assets under development), to be reasonable.

S. No.	Key Audit Matters	Response to Key Audit Matters
4	**Recoverability of Project and other vendor advances** As at March 31, 2024, current financial assets include ₹ 458.01 crores in respect of Project and other vendor advances and are pending to be adjusted/settled. Management exercises significant Judgement when determining whether to record any impairment loss on advances As the carrying amount of Project and other vendor advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the recoverability of Project and other vendor advances as a key audit matter. Refer Note 19 to the Consolidated Financial Statements.	Our audit procedures involve the following activities: • Assessing and updating our understanding of internal controls over financial reporting with respect to advances given; • Assessment of the Parent's procurement policy outlining authority for approving and responsibility to manage vendor advances; • Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; • Analytical procedures and inquiries with Business Area; • Obtain balance confirmations from selected parties to ensure existence thereof • Review of Purchase orders and/or agreements for selected parties and enquire management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.

OTHER INFORMATION

The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises of the information to be included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information comprising the above documents and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective board of directors of the Companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India has adequate internal financial controls system with reference to consolidated financial statement in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the consolidated financial statement of which we are the independent joint auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors or one of the joint auditor, such other auditors and one of the joint auditors is responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

a) We did not audit the financial statements/financial information of two subsidiaries included in the consolidated financial statement, whose financial statements/ financial information reflect total assets of ₹ 12.99 Crores as at March 31, 2024, total revenues of ₹ 0.60 Crore, Net profit after tax of ₹ 0.87 Crores, total comprehensive income of ₹ 0.88 Crores and net cash inflows of ₹ 0.02 Crores for the year ended on that date, as considered in the consolidated financial statement. These financial statements/financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

b) The Financial statements of five subsidiaries whose financial statements/financial information reflect total assets of ₹ 645.97 Crores as at March 31, 2024, total revenues of ₹ 854.08 Crores, Net profit after tax of ₹ 30.86 Crores, total comprehensive income of ₹ 30.73 Crores, and net cash inflows of ₹ 0.36 Crores for the year ended on that date, as considered in the Consolidated Financial statement, have been audited by one of the joint auditors of the Parent Company and our opinion on the consolidated Financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such joint auditor.

c) The Consolidated Financial Statements includes financial performance of three foreign branches which reflects total assets of ₹ 50.86 Crores as at March 31, 2024, total revenues of ₹ 43.70 Crores, Net profit after tax of ₹ (0.32) Crores, total comprehensive income of ₹ (0.41) Crores, and net cash inflow of ₹ (10.35) Crores for the year ended on that date, which were audited by respective independent branch auditors. The independent branch auditor's report on the financial statements of these branches have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these branches and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid foreign branches is solely based on the report of such independent branch auditor's.

d) The Consolidated Financial Statements includes financial performance of two foreign subsidiaries which reflects total assets of ₹ 27.82 Crores as at March 31, 2024, total revenues of ₹ 24.07 Crores, Net profit after tax of ₹ (0.75) Crores, total comprehensive income of ₹ (0.90) Crores, and net cash inflows of ₹ 0.52 Crores for the year ended March 31, 2024, which were audited by the independent auditors in accordance with the regulations of such foreign countries, whose reports has been furnished to us by the management. Financial Statement of one of the subsidiaries has been converted by the Parent Company's management as per accounting principles generally accepted in India which has been considered in the consolidated financial statements solely based on such converted financial statements. In respect of another subsidiary, consolidated financial statements incorporating results of its step-down subsidiary as per accounting principles generally accepted in India audited by the Indian Auditor has also been submitted to us by the Parent Company's management which has been considered in the consolidated financial statements solely based on such audited consolidated financial statements. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these foreign subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid foreign subsidiaries is solely based on the report of such independent auditor's.

e) We did not audit the financial statements/financial information of two jointly controlled entities included in the consolidated financial statements, whose financial statements include total net profit after tax of ₹ 0.93 Crores, total comprehensive income of ₹ 0.93 Crores, for the year ended March 31, 2024 as considered in the Consolidated financial statements which have been audited by their respective independent auditors. The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities is based solely on the reports of such auditors.

Our opinion on the consolidated financial statement above, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters as stated in pare (a) to (e) which respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit, and on the consideration of the report of other auditors on separate financial statement/financial information of subsidiaries as referred to in the other matters paragraph above, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statement.

   (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept by so far as it appears from our examination of those books and reports of other auditors except for the matters stated in the paragraph 2(j)(vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014.

   (c) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(j)(vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014.

   (d) The reports on the accounts of the foreign branches audited by independent branch auditors of the Group have been furnished to us by the management of the Parent Company and have been properly dealt with by us in preparing this report.

   (e) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statement

   (f) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   (g) On the basis of the written representations received from the Directors of the Parent Company as on March 31, 2024 taken on record by the Board of Directors of the Parent Company and on the basis of written representations received by the management of its subsidiaries incorporated in India and its jointly controlled entities, none of the Directors of the Group companies incorporated in India and jointly controlled entities is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   (h) With respect to the adequacy of the internal financial controls over financial reporting of the parent, its subsidiaries companies and joint controlled entities incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to be read with other matters paragraph above.

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the parent company and its one subsidiary incorporated in India to its Directors during the year is in accordance with the provisions of Section 197 of the Act. Further, we report that the provisions of section 197 (16) of the Act are not applicable to six subsidiaries, incorporated in India whose financial statements have been audited under this Act, since none of such companies is a Public company as defined under section 2(71) of the Act.

   (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint controlled entities, as mentioned in the "Other Matters" paragraph,:

      i) The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Note 47 to the consolidated financial statements;

ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 47 to the consolidated financial statements;

iii) There has been no delay in transferring amount, required to be transferred to the Investor Education and Protection Fund by the parent company and its subsidiaries incorporated in India.

iv) (a) The management of the Holding Company, its subsidiary companies and its jointly controlled entities incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the parent company, its subsidiaries incorporated in India or its jointly controlled entities to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the parent company, its subsidiaries incorporated in India or its jointly controlled entities ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management of the Holding Company, its subsidiary companies and its jointly controlled entities incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the parent company, its subsidiaries incorporated in India or its jointly controlled entities from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the parent company, its subsidiaries incorporated in India or its jointly controlled entities shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) (a) The final dividend declared and paid by the Parent Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) As stated in Note 42 to the consolidated financial statements, the Board of Directors of the parent company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting of the parent company. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Based on our examination, which included test checks, and that performed by the respective auditors of the subsidiaries and joint controlled entities which are companies incorporated in India whose financial statements have been audited under the

Act, except for the instances mentioned below, the company, subsidiaries and joint controlled entities have used an accounting software including software operated by third party, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

- the feature of recording audit trail (edit log) facility was not enabled throughout the year for the accounting software used for maintaining its books of accounts in case of 2 subsidiary companies.
- the feature of recording audit trail (edit log) facility was not enabled from the period April 1, 2023 to May 15, 2023 and enabled thereafter throughout the rest of the year for the accounting software used for maintaining its books of accounts in case of 2 subsidiary companies.
- the feature of recording audit trail (edit log) facility was not enabled from the period April 1, 2023 to May15, 2023, from May 23, 2023 to October 31, 2023 and enabled thereafter throughout the rest of the year for the accounting software used for maintaining its books of accounts in case of 1 subsidiary company.

Further, for the periods where audit trail (edit log) was enabled and operated, during the course of our audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **S Bhandari & Co. LLP**	For **Oswal Sunil & Company**
Chartered Accountants	Chartered Accountants
Firm Reg. No. 000560C/C400334	Firm Reg. No.: 016520N
P. D. Baid	**Sunil Bhansali**
Partner	Partner
M. No.: 072625	M. No.: 054645
UDIN: 24072625BKEGAY8318	UDIN: 24054645BKHDCB7002
Place: New Delhi	Place: New Delhi
Date: May 3, 2024	Date: May 3, 2024

ANNEXURE 'A'

to the Independent Auditors' Report on the Consolidated Financial Statement

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HFCL Limited of even date)

xxi. Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) order (CARO) reports of the respective company's incorporated in India included in the consolidated financial statements are as under:

S. No.	Name	CIN	Parent Company/Subsidiary/ Jointly Controlled Entity	Clause number of the CARO report which is qualified or is adverse
1.	HFCL Limited	L64200HP1987PLC007466	Parent Company	Clause i(c), iii(c), iii(e), vii(b)
2.	HTL Limited	U93090TN1960PLC004355	Subsidiary	Clause i(c), vii (b)
3.	Polixel Security System Private Limited	U93000DL2010PTC199073	Subsidiary	Clause vii(b)
4.	DragonWave HFCL India Private Limited	U64200DL2010PTC211117	Subsidiary	Clause iii(e)

For **S Bhandari & Co. LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M. No.: 072625
UDIN: 24072625BKEGAY8318

Place: New Delhi
Date: May 03, 2024

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645
UDIN: 24054645BKHDCB7002

Place: New Delhi
Date: May 03, 2024

ANNEXURE – B

to the Independent Auditors' Report of even date on The Consolidated Financial Statements of HFCL Limited as on March 31, 2024

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls over financial reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act,2013 ("the Act)

To the Members of
HFCL LIMITED

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls over financial reporting of **HFCL LIMITED** (herein after referred as the "Parent") and its subsidiary companies incorporated in India (herein after referred as the "Group") and its joint controlled entities incorporated in India, including those audited by other auditors as on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's Management and Board of the directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on Audit of Internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Internal Financial Controls over financial reporting of the Group and its joint controlled entities incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as prescribed under Section 143(10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit obtained by the other auditors of the subsidiary companies and its joint controlled entities incorporated in India in terms of their reports referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on Internal Financial Controls system over financial reporting of the Group and its joint controlled entities incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 2024, based on the internal control over financial reporting criteria established by the respective companies of the Group and its joint controlled entities incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies and two jointly controlled entities incorporated in India is based solely on the corresponding report of the auditors of such companies. Our opinion is not modified in respect of the above matters.

For **S Bhandari & Co. LLP**	For **Oswal Sunil & Company**
Chartered Accountants	Chartered Accountants
Firm Reg. No. 000560C/C400334	Firm Reg. No.: 016520N
P. D. Baid	**Sunil Bhansali**
Partner	Partner
M. No.: 072625	M. No.: 054645
UDIN: 24072625BKEGAY8318	UDIN: 24054645BKHDCB7002
Place: New Delhi	Place: New Delhi
Date: May 03, 2024	Date: May 03, 2024

Consolidated Balance Sheet

as at March 31, 2024

(All amounts are in ₹ crore)

Particulars	Note No(s)	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	495.94	487.09
(b) Capital work-in-progress	4	154.09	70.50
(c) Right-of-use-assets	43	11.72	17.32
(d) Goodwill		26.17	26.17
(e) Intangible assets (other than Goodwill)	5	118.14	17.65
(f) Intangible assets under development	6	314.87	197.66
(g) Investments accounted for using equity method	7	19.50	18.57
(h) Financial Assets			
(i) Investments	8	169.22	39.03
(ii) Trade receivables	15	520.31	423.11
(iii) Loans	9	9.00	9.50
(iv) Others	10	54.26	44.29
(i) Other non-current assets	12	60.11	39.55
Total Non Current Assets		**1,953.33**	**1,390.44**
Current Assets			
(a) Inventories	13	774.42	757.85
(b) Financial Assets			
(i) Investments	14	5.19	12.38
(ii) Trade receivables	15	2,215.48	1,886.11
(iii) Cash and cash equivalents	16	23.33	62.91
(iv) Bank balances other than (iii) above	17	313.02	259.68
(v) Loans	18	20.01	21.49
(vi) Others	19	538.50	533.57
(c) Current tax Assets (net)	20	52.50	15.19
(d) Other current assets	21	591.05	532.97
Total Current Assets		**4,533.50**	**4,082.15**
Total Assets		**6,486.83**	**5,472.59**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	22	144.01	137.64
(b) Other Equity	22	3,811.53	2,969.90
Equity attributable to owners of the Company		**3,955.54**	**3,107.54**
Non-controlling interest		44.29	36.60
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	169.21	110.37
(ii) Lease liabilities	43	9.07	6.20
(b) Provisions	24	47.49	40.90
(c) Deferred tax liabilities (net)	11	77.28	28.82
Total Non Current Liabilities		**303.05**	**186.29**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	808.05	637.94
(ii) Lease Liabilities	43	4.89	13.61
(iii) Operational Buyers Credit	46	-	168.13
(iv) Trade payables	26		
– total outstanding dues of Micro and Small Enterprises		65.13	65.03
– total outstanding dues to other than Micro and Small Enterprises		742.49	812.99
(v) Other financial liabilities	27	440.87	368.75
(b) Current tax liabilities (net)	28	4.88	19.52
(c) Other current liabilities	29	105.37	43.89
(d) Provisions	30	12.27	12.30
Total Current Liabilities		**2,183.95**	**2,142.16**
Total Liabilities		**2,487.00**	**2,328.45**
Total Equity and Liabilities		**6,486.83**	**5,472.59**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co. LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M. No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M. No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024
(All amounts are in ₹ crore)

	Particulars	Note No(s)	For the year ended March 31, 2024	For the year ended March 31, 2023
I	**INCOME**			
	Revenue from operations	31	4,465.05	4,743.31
	Other Income	32	100.59	47.18
	Total Income (I)		**4,565.64**	**4,790.49**
II	**EXPENSE**			
	Cost of Materials Consumed	33	799.57	980.87
	Other Direct costs	34	1,132.56	1,035.98
	Purchases of stock-in trade		1,391.20	1,564.47
	Change in inventories of finished goods, work-in progress and stock-in trade	35	(102.89)	(102.41)
	Employee benefits expense	36	350.53	348.19
	Finance Costs	37	147.28	152.19
	Depreciation and amortisation expenses	3, 5, 43	81.76	82.97
	Other Expenses	38	312.54	297.53
	Total Expenses (II)		**4,112.55**	**4,359.79**
III	**Profit before Share of profit of joint venture, exceptional items and income tax (I-II)**		**453.09**	**430.70**
IV	Share of profit/ (loss) of jointly controlled entities		0.93	(0.09)
V	**Profit before exceptional items and income tax (III+IV)**		**454.02**	**430.61**
VI	Exceptional item		-	-
VII	**Profit before tax (V - VI)**		**454.02**	**430.61**
VIII	**TAX EXPENSES**			
	– Current tax		67.91	79.00
	– Deferred Tax		48.59	33.90
	Total Tax Expense		**116.50**	**112.90**
IX	**Profit for the year (VII-VIII)**		**337.52**	**317.71**
X	**Other Comprehensive Income (OCI):**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of defined benefit plans		(0.54)	(0.56)
	(ii) Income tax on above item		0.13	0.10
	(iii) Gain on Equity Instruments designated through OCI		130.62	3.98
	Items that will be reclassified to profit or loss			
	(i) Loss on translation of foreign operation		(0.61)	(1.97)
	Total Other comprehensive income for the year		**129.60**	**1.55**
XI	**Total comprehensive income for the year (IX+X)**		**467.12**	**319.26**
XII	**Profit attributable to:**			
	Owners of the Parent		329.81	300.97
	Non-controlling interest		7.71	16.74
XIII	**Total comprehensive income for the year attributable to:**			
	Owners of the Parent		459.44	302.63
	Non-controlling interest		7.68	16.63
XIV	**Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the year**	39		
	– Basic		2.33	2.18
	– Diluted		2.33	2.18

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M.No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Sunil Bhansali
Partner
M.No. 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Consolidated Statement of Cash Flow

for the year ended March 31, 2024
(All amounts are in ₹ crore)

	Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
I.	**Cash Flow From Operating Activities**			
	Net Profit before Taxes		454.02	430.61
	Adjustments for			
	Depreciation &Amortisation expenses	81.76		82.99
	(Gain)/Loss on disposal of property, plant and equipment	0.28		(0.53)
	Financial Gurantee Income	(0.14)		(0.30)
	Bad Debts, advances and miscellaneous balances written (back)/ off	(10.98)		4.70
	Liquidated Damages recovered on Sales	-		(2.73)
	Unrealised gain on foreign exchange fluctuation	3.54		(10.09)
	(Gain)/Loss on Sale of Investment – Net	(1.34)		-
	Share of (profit)/ loss of an associate	(0.93)		0.09
	Dividend and interest income classified as investing cash flows	(21.08)		(14.66)
	Finance costs (net)	147.28		152.19
			198.39	**211.66**
	Change in operating assets and liabilities			
	(Increase)/Decrease in Trade and other receivables	(419.14)		191.17
	(Increase)/Decrease in Inventories	(16.58)		(184.47)
	Increase/(Decrease) in Trade payables	(70.39)		(132.10)
	(Increase)/Decrease in other financial assets	(1.31)		(147.60)
	Increase/ (Decrease) in other financial liabilities	(168.12)		154.34
	(Increase)/Decrease in other non-current assets	(7.52)		(3.39)
	(Increase)/Decrease in other current assets	(58.07)		(138.81)
	Increase/(Decrease) in provisions	(0.03)		2.15
	Increase/(Decrease) in other Non current liabilities	5.44		3.63
	Increase/(Decrease) in other current liabilities	158.93		(53.47)
			(576.79)	**(308.55)**
	Cash generated from/(used in) operations		**75.62**	**333.71**
	Income taxes paid (net)		(120.49)	(98.60)
	Net cash inflow from/(used in) operating activities		**(44.87)**	**235.11**
II	**Cash flows from investing activities**			
	Payment for acquisition of subsidiaries & other investments		-	(10.25)
	Capital Receipt of Subsidy on Fiber Plant		-	42.58
	Payments for property, plant and equipment including CWIP		(183.51)	(193.57)
	Payments for Intangible Assets including CWIP		(226.52)	(147.98)
	Proceeds from sale of property, plant and equipment		0.50	1.13
	Bank deposits (placed)/matured (net)		(53.93)	252.59
	(Payment)/Receipt for loan to/ from body corporate		1.98	5.55
	Proceeds from sale of Investment		8.95	-
	Dividends received		0.01	-
	Interest received		3.80	5.86
	Net cash inflow from /(used in) investing activities		**(448.72)**	**(44.09)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2024
(All amounts are in ₹ crore)

	Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
III	**Cash flows from financing activities**			
	Proceeds from Issue of Convertible Warrants		73.20	28.20
	Proceeds from issues of Share Capital (including security premium)		352.96	3.08
	Share issue expenses		(9.06)	-
	Proceeds from borrowings		320.19	133.29
	(Repayment) of borrowings		(91.23)	(127.79)
	(Repayment) of lease liabilities		(6.86)	(9.81)
			639.20	**26.97**
	Less:			
	Finance Costs paid		(156.64)	(147.32)
	Dividend paid		(28.55)	(24.45)
	Net cash inflow from/(used in) financing activities		**454.01**	**(144.80)**
IV	**Net increase /(decrease) in cash and cash equivalents (I+II+III)**		**(39.58)**	**46.22**
V	Cash and cash equivalents at the beginning of the financial year		62.91	16.69
VI	**Cash and cash equivalents at end of the year**		**23.33**	**62.91**

Notes:

1 The Consolidated Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015

2 Figures in bracket indicate cash outflow.

3 Cash and cash equivalents (refer note 16) comprise of the followings:

	Cash on hand	0.06	0.07
	Balances with Banks		
	Current accounts	12.27	32.01
	Fixed Deposits with Bank	11.00	30.83
	Balances per statement of cash flows	**23.33**	**62.91**
4	Analysis of movement in borrowings		
	Borrowings at the beginning of the year	748.31	742.80
	Movement due to cash transactions per the Consolidated Statement of Cash Flows	228.95	5.51
	Borrowings at the end of the year	**977.26**	**748.31**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co. LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M. No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M. No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts are in ₹ crore)

A. EQUITY SHARE CAPITAL

Particulars	Amount
As at April 1, 2022	**137.49**
Changes in equity share capital (refer note no. 22(A))	0.15
As at March 31, 2023	**137.64**
Changes in equity share capital (refer note no. 22(A))	6.37
As at March 31, 2024	**144.01**

B. OTHER EQUITY

Particulars	Money received against Convertible Warrants	Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Incomes		Total Equity attributable to Owners of the Company	Non-Controlling Interest	Total Equity
			Securities Premium Reserve	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve			
As at April 1, 2022	**-**	**1.90**	**1,053.85**	**80.50**	**2.22**	**1,510.63**	**12.67**	**(0.86)**	**2,660.91**	**19.97**	**2,680.88**
Profit for the year	-	-	-	-	-	300.97	-	-	300.97	16.74	317.71
Other Comprehensive Income for the year	-	-	-	-	-	(0.46)	4.09	(1.97)	1.66	(0.11)	1.55
Warrant subscription price equivalent to 25% of the issue price {refer note 22(B)(2)}	28.20	-	-	-	-	-	-	-	28.20	-	28.20
Dividends paid for the previous year	-	-	-	-	-	(24.80)	-	-	(24.80)	-	(24.80)
Issue of equity share capital to HFCL Employees Trust	-	-	5.65	-	-	-	-	-	5.65	-	5.65
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.21)	-	-	-	0.21	-	-	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	-	0.03	-	-	0.03	-	0.03
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(2.72)	-	-	-	-	-	(2.72)	-	(2.72)
As at March 31, 2023	**28.20**	**1.69**	**1,056.78**	**80.50**	**2.22**	**1,786.58**	**16.76**	**(2.83)**	**2,969.90**	**36.60**	**3,006.50**
Profit for the year	-	-	-	-	-	329.82	-	-	329.82	7.72	337.54
Other Comprehensive Income for the year	-	-	-	-	-	(0.40)	130.65	(0.61)	129.64	(0.03)	129.61
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	73.20	-	-	-	-	-	-	-	73.20	-	73.20
Dividends paid for the previous year	-	-	-	-	-	(28.58)	-	-	(28.58)	-	(28.58)
Issue of equity share capital (net of share issue expenses of ₹ 9.06 crore)	-	-	340.56	-	-	-	-	-	340.56	-	340.56
Conversion of warrants into equity share {refer note no. 22(B)(2)}	(97.60)	-	96.38	-	-	-	-	-	(1.22)	-	(1.22)
Transfer to retained earnings	-	-	-	-	-	3.55	(3.55)	-	-	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.67)	-	-	-	0.67	-	-	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	-	0.02	-	-	0.02	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.81)	-	-	-	-	-	(1.81)	-	(1.81)
As at March 31, 2024	**3.80**	**1.02**	**1,491.91**	**80.50**	**2.22**	**2,091.66**	**143.86**	**(3.44)**	**3,811.53**	**44.29**	**3,855.82**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

For **S Bhandari & Co. LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M. No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M. No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

1. CORPORATE INFORMATION

HFCL Limited ('HFCL' or 'the Holding Company') is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Holding Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, HFCL is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optical Fiber and Optic Fiber Cable (OFC).

The Consolidated Financial Statements have been approved by the Board of Directors of the Holding Company at its meeting held on May 3, 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

2.1.2. Historical Cost Convention

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Consolidated Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 deconsolidated from the date that control ceases. The Holding Company and subsidiaries are collectively called "the Group".

The group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

ii. Associates

Associates are all entities over which the group has material influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

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 interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described below.

v. Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or material influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously 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 material influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

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, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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.

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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

- Level 3

  They are un-observable inputs for the asset or liability reflecting material modifications to observable related market data or Group's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.6. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.7. Property Plant and Equipment

The Group had elected to continue with the carrying value of all of its Property, Plant and Equipment (PPE) recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Items of PPE acquired/constructed are initially 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 repairs and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use. PPE and intangible assets are not depreciated or 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.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of PPE are as follows:-

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	7.5 – 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the Group will obtain ownership at the end of the lease term.

An item of PPE is de-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 Consolidated Statement of Profit and Loss.

2.8. Intangible Assets

a. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

it might be impaired and is carried at cost less accumulated impairment losses.

b. Product Development and Intangible Assets under Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate all the following: -

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell of the asset, The ability to measure reliably the expenditure attributable to the intangible asset during development

Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Group to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably. In which case such expenditure is initially recorded as intangible assets under development and is subsequently 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 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 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, transaction costs that are

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

attributable to the acquisition of the financial asset. 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 Holding 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 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.

Equity investments

All equity investments are measured at fair value. For Equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are 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 the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated 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

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

- 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 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 Consolidated Statement of Profit and loss (P&L).

2.9.2. Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are 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.

Credit/ Suppliers' Credit and vendor financing

The Group enters into arrangements whereby banks make direct payments to suppliers for raw materials. The banks are subsequently repaid by the Group at a later date providing working capital timing benefits. These are normally settled between 90 days to 180 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks to the operating vendors are treated as a noncash item and settlement of due to operational buyer's credit/ suppliers' credit by the Group is treated as an operating cash outflow reflecting the substance of the payment.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated 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.
- **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

A. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration that Group expects to receive in exchange for those products or services.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Group presents revenues net of indirect taxes in its Consolidated Statement of Profit and Loss.

D. The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fibre Cable and Telecom Equipments. Revenues from Products are recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. and executing infrastructure projects like Jal Jeevan Mission etc. Most of the turnkey contracts include a

Notes forming part of Consolidated Financial Statements

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standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from turnkey projects/contracts executed under joint operations is recognised on the same basis as adopted in respect of contracts independently executed by the Company.

- **Contracts with government**

  The Group 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 Judgement.

  If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

  Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

- **Warranty**

  Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and arrangement entered with respective vendors of equipment's supplied under contract, the Group recognises provisions for this warranty.

- **Financial Components**

  The transaction price is also adjusted for the effects of the time value of money if the contract includes a material financing component and considering practical expedient.

iii. Other Revenue:

- **Interest income**

  Interest income on deposits with banks is recognised at effective interest rate applicable.

  Interest income from other financial assets is recognised at the effective interest rate method on initial recognition.

- **Dividends**

  Dividend income is recognised when the right to receive payment is established.

- **Rental income**

  Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the Consolidated Statement of Profit and loss.

- **Insurance Claims**

  Insurance claims are accounted for as and when admitted by the concerned authority.

- **Export Incentives**

  The export incentives from the Government are 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 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

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the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

– the amount of the initial measurement of the lease liability,

– any lease payments made at or before the commencement date, less any lease incentives,

– any initial direct costs incurred by the lessee,

– an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

– fixed payments, less any lease incentives receivable;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are 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 and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is 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 difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

2.15. Employee Benefits

Short term employee benefits:-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are 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.

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Other Long-Term employee benefits

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as per the actuarial valuation carried out at the end of each annual reporting period. Actuarial gains and losses are recognised in full in the consolidated statement of profit and loss in the period in which they occur.

Post-employment obligations

i. **Defined contribution plans**

Provident Fund and employees' state insurance schemes:

All employees of the Group are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Group are covered under the employees' state insurance schemes, which are also defined contribution schemes recognised and administered by the Government of India.

The Group's contributions to both these schemes are expensed in the Consolidated Statement of Profit and Loss. The Group has no further obligations under these plans beyond its monthly contributions.

ii. **Defined benefit plans**

Gratuity:

The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Group. The Group provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits " The Group makes periodic contributions to the HDFC Standard Life Insurance Group Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which 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, un-availed leave, 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 Consolidated Statement of Profit and loss.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above) are 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 Consolidated Financial Statements represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are 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.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is

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recognised as an employee benefits expense, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity 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 asset 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, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.19. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and 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 Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

2.20. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Group are segregated.

2.21. GST Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST credit is shown under the head "Other Current Assets".

2.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.23. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject

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to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statement. However, deferred tax liabilities are not 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.

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3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance As at April 1, 2022	**552.83**	**160.38**	**29.76**	**36.63**	**17.84**	**11.06**	**31.09**	**16.91**	**8.53**	**0.88**	**865.91**
Additions	82.54	21.08	-	2.90	3.79	1.05	7.49	3.09	12.41	-	134.35
Disposals/Adjustments	34.28	4.63	-	4.85	0.73	1.45	2.43	2.51	-	-	50.88
Balance As at March 31, 2023	**601.09**	**176.83**	**29.76**	**34.68**	**20.90**	**10.66**	**36.15**	**17.49**	**20.94**	**0.88**	**949.38**
Additions	36.69	7.18	4.25	1.95	3.09	1.14	7.37	3.25	12.62	-	77.54
Disposals/Adjustments	2.79	-	0.05	0.11	0.28	0.46	6.10	1.92	-	-	11.71
Balance As at March 31, 2024	**634.99**	**184.01**	**33.96**	**36.52**	**23.71**	**11.34**	**37.42**	**18.82**	**33.56**	**0.88**	**1,015.21**
Accumulated Depreciation and Impairment											
Balance As at April 1, 2022	**290.53**	**25.83**	**11.15**	**22.04**	**9.73**	**8.56**	**23.02**	**10.18**	**-**	**0.24**	**401.28**
Depreciation for the year	47.24	5.54	1.37	3.44	2.22	0.70	5.82	2.47	-	0.01	68.81
Disposals/Adjustments	1.44	-	-	1.18	0.19	0.51	2.12	2.36	-	-	7.80
Balance As at March 31, 2023	**336.33**	**31.37**	**12.52**	**24.30**	**11.76**	**8.75**	**26.72**	**10.29**	**-**	**0.25**	**462.29**
Depreciation for the year	45.35	6.13	1.46	2.86	2.80	1.03	5.68	2.64	-	0.01	67.96
Disposals/Adjustments	2.65	-	0.04	0.09	0.26	0.45	5.85	1.64	-	-	10.98
Balance As at March 31, 2024	**379.03**	**37.50**	**13.94**	**27.07**	**14.30**	**9.33**	**26.55**	**11.29**	**-**	**0.26**	**519.27**
Net Carrying Value											
Balance As at April 1, 2022	**262.30**	**134.55**	**18.61**	**14.59**	**8.11**	**2.50**	**8.07**	**6.73**	**8.53**	**0.64**	**464.63**
Balance As at March 31, 2023	**264.76**	**145.46**	**17.24**	**10.38**	**9.14**	**1.91**	**9.43**	**7.20**	**20.94**	**0.63**	**487.09**
Balance As at March 31, 2024	**255.96**	**146.51**	**20.02**	**9.45**	**9.41**	**2.01**	**10.87**	**7.53**	**33.56**	**0.62**	**495.94**

Notes:

1. The following properties are pending for title transfer in the name of the Group Companies:

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 Himahcal 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 (HTL Limited) (refer Note 56 (i) (a))	Land (Freehold)	-	State Government of Tamil Nadu	No	September 30, 1970

* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Himachal Pradesh on January 5, 2011, the above said land was transfered to the Holding Company. Accordingly, the Holding Company had filed an application before Jaipur Development Authority (JDA) for mutation of the aforesaid land in favour of the Holding Company. The Collector (Stamps), Jaipur Circle-III raised a demand of ₹25 crore towards payment of stamp duty for carrying out such mutation. The Holding Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On 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 outcome of which is still pending.

** The aforesaid land is alloted to the Holding Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIIC and the Holding Company is currently having physical possession of the said land. TSIIC will execute sale deed in favour of the Holding Company as per the conditions stipulated in the agreement to sell.

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2. During the previous year, the Holding Company had been sanctioned & disbursed capital subsidy amounting to ₹ 42.58 crore for investment in its newly manufacturing plant setup at Plot No S-9, E-City, Rangareddy, Telangana under Modified Special Incentive Package Scheme (MSIPS) by the Ministry of Electronics and Information Technology Department. The said capital subsidy had been duly adjusted against the carrying value of related Property, Plant and Equipment.
3. Refer Note 23 and 25 for details of assets pledged.

4. CAPITAL WORK-IN-PROGRESS

Particular	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance As at April 1, 2022	**16.37**	**27.27**	**3.24**	**0.58**	**47.46**
Additions	38.90	23.80	1.42	2.02	66.14
Disposals/Adjustments	13.42	26.63	3.05	-	43.10
Balance As at March 31, 2023	**41.85**	**24.44**	**1.61**	**2.60**	**70.50**
Additions	58.58	61.75	0.25	0.06	120.64
Disposals/Adjustments	6.87	26.46	1.57	2.15	37.05
Balance As at March 31, 2024	**93.56**	**59.73**	**0.29**	**0.51**	**154.09**

4.1 Ageing of Capital work-in-progress

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress*					
As at March 31, 2024	120.64	32.71	0.74	-	**154.09**
As at March 31, 2023	66.14	4.24	0.12	-	70.50

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per rolling annual plan.

5. INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Particulars	Computer Software
Gross Carrying Value	
Balance As at April 1, 2022	**38.84**
Additions	11.02
Disposals/Adjustments	0.76
Balance As at March 31, 2023	**49.10**
Additions	109.31
Disposals/Adjustments	0.77
Balance As at March 31, 2024	**157.64**
Accumulated Amortisation	
Balance As at April 1, 2022	**25.43**
Amortisation for the year	6.66
Disposals/Adjustments	0.64
Balance As at March 31, 2023	**31.45**
Amortisation for the year	8.82
Disposals/Adjustments	0.77
Balance As at March 31, 2024	**39.50**
Net Carrying Value	
Balance As at April 1, 2022	**13.41**
Balance As at March 31, 2023	**17.65**
Balance As at March 31, 2024	**118.14**

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6. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Product Development
Balance as at April 1, 2022	60.69
Additions	137.62
Disposals/Adjustments	0.65
Balance as at March 31, 2023	**197.66**
Additions	166.87
Disposals/Adjustments	49.66
Balance as at March 31, 2024	**314.87**

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, 2024	166.87	102.83	26.59	18.58	314.87
As at March 31, 2023	137.62	41.80	3.53	14.71	197.66

6.2 Projectwise completion schedule of overdue/over-run intangible assets under development as at March 31, 2024

Particular	To be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
– Defence Communication Products	31.37	-	-	-	31.37
– 5G/4G Technological Products	9.91	-	-	-	9.91
Total	**41.28**	**-**	**-**	**-**	**41.28**

Projectwise completion schedule of overdue/over-run intangible assets under development as at March 31, 2023

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	4.20	19.19	-	-	23.39
– 5G/4G Technological Products	-	-	9.91	-	9.91
Total	**4.20**	**19.19**	**9.91**	**-**	**33.30**

7. INVESTMENT IN JOINTLY CONTROLLED ENTITY

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(i) Jointly Controlled Entity	18.50	18.50
Add/(Less) : Cumulative Share of profits/(Loss)	1.00	0.07
Total	**19.50**	**18.57**

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7.1 Investment in Jointly Controlled Entity

Particulars	Face value per share	As at March 31, 2024		As at March 31, 2023	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted Investments					
Investment in Equity Instruments – Equity Shares					
Nimpaa Telecommunications Private Limited (includes Goodwill of ₹ 1 crore)	10	1,000,000	1.00	1,000,000	1.00
Add/(Less) : Cumulative Share of profits			2.14		1.50
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 @ ₹ 6.50 per share (previous year : ₹ 3.50 per share) out of the face value of ₹ 10/- per share)	10	32,000	15.00	32,000	15.00
Add/(Less) : Cumulative Share of (Loss)			(1.14)		(1.43)
Total aggregate unquoted investments			**19.50**		**18.57**
Aggregate carrying value of unquoted investments			**19.50**		**18.57**
Aggregate amount of impairment in value of investments			-		-

7.2 Additional details of Jointly Controlled Entities

Particulars	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Group	
			As at March 31, 2024	As at March 31, 2023
Nimpaa Telecommunications Private Limited	Manufacturing of FRP and ARP	India	**50.00%**	**50.00%**
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%

8. NON-CURRENT FINANCIAL ASSETS – INVESTMENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted		
Investments – Others		
Investments in Equity instruments	149.29	-
Unquoted		
Investments – Others		
(i) Investments in Equity instruments	18.08	37.18
(ii) Investments in Debt instruments	1.85	1.85
Total	**169.22**	**39.03**

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8.1 Detail of Non Current Financial Assets – Investments

Particulars	Face value per share/ Debenture	As at March 31, 2024		As at March 31, 2023	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments – Quoted Equity Shares					
Exicom Tele-Systems Limited*	10	7,562,676	149.29	-	-
			149.29		**-**
(ii) Investment in equity instruments – Un-Quoted Equity Shares					
Exicom Tele-Systems Limited	10	-	-	630,223	19.35
Midas Communication Technologies Private Limited	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Limited	25	4,000	0.05	4,000	0.05
India Card Technologies Private Limited	10	19,900	-	19,900	-
Shankar Sales Promotion Private Limited	100	2,000	0.10	2,000	0.09
HFCL Bezeq Telecom Limited	10	100	-	100	-
Nivetti Systems Private Limited	1	217,594	17.93	217,594	17.69
			18.08		**37.18**
Total Investment in Equity Instrument measured at FVTOCI			**167.37**		**37.18**
(ii) Investment in Debt Instruments					
Atul Properties Private Limited (OFCDs) - Reedem at completion of 17 Years from date of allotment i.e. 04.02.2028	100	185,000	1.85	185,000	1.85
Total Investment in Debt Instruments measured at FVTOCI			**1.85**		**1.85**
Aggregate carrying value of quoted investments			149.29		-
Aggregate Carrying value of unquoted investments			19.93		39.03
Aggregate amount of impairment in value of investments			-		-

* Includes Bonus shares issued by Exicom Tele-Systems Limited in the ratio of eleven equity shares for every one equity share held by the shareholders as on the record date on September 15, 2023. Valuation of these shares is done at closing market price prevailing at BSE Limited as at March 31, 2024.

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9. NON-CURRENT FINANCIAL ASSETS – LOANS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to other parties	6.50	6.50
Loans to related parties (refer note 55)	2.50	3.00
Unsecured, considered doubtful		
Which have significant inrease in credit risk	0.21	0.21
Less: expected credit loss allowance	(0.21)	(0.21)
Total	9.00	9.50
Movement in the expected loss of Other Loans are as follows:		
Balance at the Beginning of the year	0.21	0.21
Add: Provided during the year	-	-
Less: Amount written off	-	-
Balance at the end of the year	**0.21**	**0.21**

10. NON-CURRENT FINANCIAL ASSETS – OTHERS

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed Deposits with Bank (maturity more than 12 months)*	38.66	36.21
Security Deposit	15.60	8.08
Total	**54.26**	**44.29**

* Above fixed deposits are held as margin money/securities with banks.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax reflect the net tax effects of temporary 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 1 April, 2022	**10.62**	**(10.65)**	**5.00**	**4.97**
(Charged)/Credited:				
- to Statement of profit and loss	2.93	(37.72)	0.89	(33.90)
- to other comprehensive income	0.11	-	-	0.11
As at 31 March, 2023	**13.66**	**(48.37)**	**5.89**	**(28.82)**
(Charged)/Credited:				
- to Statement of profit and loss	2.11	(48.08)	(2.62)	(48.59)
- to other comprehensive income	0.13	-	-	0.13
As at 31 March, 2024	**15.90**	**(96.45)**	**3.27**	**(77.28)**

Note: In the absence of reasonable certainty of future taxable income, deferred tax assets have been created in the books of 1 subsidiary.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

12. OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good		
Capital Advances	60.11	39.55
Total	**60.11**	**39.55**

13. INVENTORIES (AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)

Particulars	As at March 31, 2024	As at March 31, 2023
Inventories (As Certified and valued by the management)		
Raw Materials	169.76	218.84
Raw Materials in transit	40.94	82.57
	210.70	301.41
Work-in-progress	240.33	227.06
Finished goods	126.38	86.87
Stock-in-trade	170.83	120.73
Stock-in-trade in transit	-	0.52
Stores and Spares	20.04	17.12
Loose tools	4.80	2.57
Others (Packing Material)	1.34	1.57
Total	**774.42**	**757.85**

Notes: (i) Work in progress includes contract work in progress of ₹ 214.79 crore (Previous year: ₹ 174.15 crore)

14. CURRENT FINANCIAL ASSETS – INVESTMENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted Investments		
(i) Investments in Mutual Funds	4.60	7.11
(ii) Investments in Equity Instruments -other	0.59	5.27
Total	**5.19**	**12.38**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

14.1 Detail of Current Financial Assets – Investments

Particulars	Face Value	As at March 31, 2024		As at March 31, 2023	
		No. of Shares/Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through Statement of Profit or Loss (FVTPL)					
(i) Investments in mutual funds – Unquoted Investment					
Union Liquid Fund Growth-Direct plan	1,000	-	-	9,398	2.04
Union Large & Mid Cap Fund Growth-Direct Plan	10	-	-	50,000	0.08
Union Bank Medium duration fund Regular	10	-	-	499,975	0.55
Union Hybrid Equity Fund-Growth	10	-	-	499,975	0.63
Baroda Business cycle fund-Regular Growth	10	-	-	499,965	0.49
Principal Cash Management fund-Dividend reinvestment plan	1,000	-	-	235	0.03
MCNL Capital Compounder Fund - I	100	300,000	4.25	300,000	3.06
Quant Large Cap Fund - Regular Plan Growth	100	249,988	0.35	249,987	0.23
Total Investment FVTPL			**4.60**		**7.11**
Financial assets measured at FVTOCI					
(i) Investment in equity instruments – Quoted Equity Shares					
Adinath Bio Labs Limited	1	6,408,000	-	6,408,000	-
Manvens Biotech Limited	1	17,000	-	17,000	-
Sumedha Fiscal Services Limited	10	18,200	0.08	18,200	0.10
Valiant Communications Limited	10	8,700	0.32	8,700	0.12
Poonawalla Fincorp Limited	2	-	-	152,830	4.47
Media Matrix Worldwide Limited	1	4,750	0.01	4,750	0.01
Sahara One Media and Entertainment Limited	10	250,950	-	250,950	0.39
			0.41		**5.09**
(ii) Investment in equity instruments – Unquoted Equity Shares					
Optimates Textile Industries Limited	2	1,302,500	-	1,302,500	-
Rashel Agrotech Limited	10	478,500	-	478,500	-
NSL Wind Power Company (Phoolwadi) Private Limited	10	185,995	0.18	185,995	0.18
			0.18		**0.18**
Total Investment FVTOCI			**0.59**		**5.27**
Total Current Financial Investments			5.19		12.38
Aggregate Carrying value of quoted investments			5.01		12.20
Aggregate Carrying value of unquoted investments			0.18		0.18
Aggregate amount of impairment in value of investments			-		-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

15. CURRENT FINANCIAL ASSETS – TRADE RECEIVABLES

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good;	520.31	2,132.77	423.11	1,842.70
Which have significant inrease in credit risk	-	87.16	-	57.93
Credit Impaired	-	5.81	-	5.49
Less: expected credit loss allowance	-	(10.26)	-	(20.01)
Total	**520.31**	**2,215.48**	**423.11**	**1,886.11**
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	20.01	-	15.65
Add: Provided during the year	-	0.35	-	4.78
Less: Provision reversed	-	10.10	-	0.42
Balance at the end of the year	-	10.26	**-**	**20.01**

15.1 Ageing analysis of Trade Receivables as at March 31, 2024

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,443.01	744.54	221.86	171.08	72.01	0.48	2,652.98
- which have significant increase in credit risk	-	-	-	-	-	87.16	87.16
- credit impaired	-	-	-	-	-	1.03	1.03
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	0.10	0.10
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	4.78	-	-	4.78
Total	1,443.01	744.54	221.86	175.86	72.01	88.77	2,746.05
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(520.31)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(10.26)
Total current trade receivables							**2,215.48**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

15.1 Ageing analysis of Trade Receivables as at March 31, 2023

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	1,410.74	538.68	223.26	62.33	20.40	0.51	2,255.92
- which have significant increase in credit risk	-	-	-	-	-	57.93	57.93
- credit impaired	-	-	-	-	-	0.72	0.72
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.87	9.87
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	4.78	-	-	-	4.78
Total	1,410.74	538.68	228.04	62.33	20.40	69.03	2,329.22
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(423.11)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(20.01)
Total current trade receivables							**1,886.11**

15.2 The credit period towards trade receivables related to turnkey projects generally ranges between the achievement of specified milestones (execution based) and average project execution cycle which is around 6 to 18 months. General payment terms include processing time ranging between 60 to 120 days from the date of invoices/achievement of specified milestones with the respective customers.

15.3 In determining the allowance for trade receivables the Group has used practical expedients based on financial condition of the customers, ageing of the customer receivables & over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are Government and large Corporate organisations though there may be normal delays in collections.

16. CURRENT FINANCIAL ASSETS – CASH & CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash & Cash Equivalents		
Balance with Banks in current account	12.27	32.00
Cash on hand	0.06	0.07
Fixed Deposits with Bank (Maturity less than 3 months)	11.00	30.84
Total	**23.33**	**62.91**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

17. CURRENT FINANCIAL ASSETS – OTHER BANK BALANCES

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed Deposits with Bank (Maturity less than 12 months)*	309.59	258.10
Balance with Bank in Dividend account**	0.91	0.83
Balance with Bank in QIP monitoring account**	0.04	-
Balance with Bank – CSR unspent**	2.48	0.75
Total	**313.02**	**259.68**

* Out of above, fixed deposits of ₹ 243.01 crore (Previous year ₹ 257.39 crore) are held as margin money/securities with banks.
** Balances coming in above accounts has restricted use.

18. CURRENT FINANCIAL ASSETS – LOANS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Other Loans	20.01	21.49
Total	**20.01**	**21.49**

19. CURRENT FINANCIAL ASSETS -OTHER ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Security Deposits	4.98	9.72
Project & other vendor advances	462.23	462.10
Interest Receivables	14.89	10.21
Subsidy claim receivable form government	53.15	48.29
Receivables for sales of Investments	3.25	3.25
Total	**538.50**	**533.57**

20. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	52.50	15.19

21. OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Indirect tax recoverable	163.59	171.63
Prepaid Expenses	47.13	35.95
Export Incentive receivable	1.44	0.80
Other Receivables	1.98	2.47
Contract Assets-Unbilled revenue (refer Note 31)	376.91	322.12
Total	**591.05**	**532.97**

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ crore)

22. A. SHARE CAPITAL

(i) Authorised Share Capital

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2022	5,100,000,000	510.00	25,000,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2023	5,100,000,000	510.00	25,000,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2024	5,100,000,000	510.00	25,000,000	250.00

(ii) Shares issued, subscribed and fully paid-up

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount*	No of Shares	Amount
As at April 1, 2022	1,374,884,321	137.49	-	-
Add: Shares issued during the year to the ESOP Trust *	1,174,100	0.12	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme	1,699,900	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	1,382,200	0.14	-	-
As at March 31, 2023	1,376,376,121	137.64	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	1,382,200	0.14	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	51,014,491	5.10	-	-
Add: Shares issued during the year to warrant holders $	12,200,000	1.22	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	918,800	0.09	-	-
As at March 31, 2024	1,440,054,012	144.01	-	-

* 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 Company and its subsidiaries under the HFCL Employees' Long Term Incentive Plan – 2017.

** During the year, the Holding Company has issued 5,10,14,491, equity shares of face value of ₹ 1 each at an issue price of ₹ 69/- per equity share (including premium of ₹ 68/- per equity share), aggregating to ~₹ 352.00 crore (including securities premium of ₹ 346.90 crore). The issue was made through eligible Qualified Institutions Placement ("QIP") in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 & 62 and other relevant provisions of the Companies Act, 2013. Funds received in the QIP of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

$ The Allotment Committee (Warrants) of the Board of Directors of the Company at its meeting held on February 7, 2024 and March 22, 2024 has made allotment of 1,00,00,000 & 22,00,000 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.

Notes forming part of Consolidated Financial Statements

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(iii) Shareholders holding more than 5% of Equity Shares

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of share	% of Holding	No. of share	% of Holding
MN Ventures Private Limited	295,865,000	20.53	293,365,000	21.29
Nextwave Communications Private Limited	219,865,000	15.26	219,865,000	15.96

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	2,645,000	0.18	2,645,000	0.19	(0.01)
Mahendra Nahata	1,335,091	0.09	1,335,091	0.10	(0.01)
MN Ventures Private Limited	295,865,000	20.53	293,365,000	21.29	(0.76)
Nextwave Communications Private Limited	219,865,000	15.26	219,865,000	15.96	(0.70)
Fitcore Tech-Solutions Private Limited	22,300,000	1.55	22,400,000	1.63	(0.08)
Vinsan Brothers Private Limited	671,600	0.05	671,600	0.05	(0.00)
Shanker Sales Promotion Private Limited	300,201	0.02	300,201	0.02	(0.00)
Total	**542,981,892**	**37.68**	**540,581,892**	**39.24**	**(1.56)**

(v) Terms/right attached to Equity/Preference Shares -

The Holding Company has issued equity share of Re.1/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up equity capital of the 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 54.

B. OTHER EQUITY

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Retained Earnings	2,091.66	1,786.58
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	143.86	16.76
b. Foreign currency translation reserve	(3.44)	(2.83)
(iii) Other Reserves*		
a. Securities Premium	1,491.91	1,056.78
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.02	1.69
d. Capital reserve (on bargain purchase)	2.22	2.22
(iv) Money received against Convertible Warrants**	3.80	28.20
Total	**3,811.53**	**2,969.90**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

(1)* Brief description of Other Reserves:

a. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

b. Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each

c. Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Holding Company for employees of the Group.

(2) Brief description of Money received against Convertible Warrants:

** The Board of Directors and Shareholders of the Holding Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution passed on October 15, 2022, had approved the allotment of 1,41,00,000 (One crore Forty-One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price) to persons belonging to Promoter and Non-Promoter category in the preferential issue made under Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder. Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions passed on February 07, 2024 and March 22, 2024 had approved the allotment of 1,00,00,000 (One crore) and 22,00,000 (Twenty-Two Lakhs) equity shares respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

(i) Retained Earnings

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the reporting period	1,786.57	1,510.62
Add: Net profit for the period	337.54	317.71
Add/Less: adjustments for-		
Other Comprehensive Income for the year	(0.41)	(0.46)
Transfer on allotment of shares to employees pursuant to ESOP scheme	0.67	0.21
Dividend paid/ Payable on Equity shares	(28.58)	(24.80)
Adjustment of dividend to ESOP trust	0.02	0.03
Non-Controlling Interest	(7.72)	(16.74)
Transfer to Retained Earnings from Changes in fair value of FVOCI equity instruments	3.55	-
Closing Balance	**2,091.64**	**1,786.57**

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve
As at April 1, 2022	**12.67**	**(0.86)**
Increase during the year	4.09	-
Decrease during the year	-	1.97
As at March 31, 2023	**16.76**	**(2.83)**
Increase during the year	130.65	-
Decrease during the year	3.55	0.61
As at March 31, 2024	**143.86**	**(3.44)**

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ crore)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redumption Reserve	Employee Share based payment reserve	Capital Reserve
As at April 1, 2022	**1,053.85**	**80.50**	**1.90**	**2.22**
Increase during the year	5.65	-	-	-
Decrease during the year	2.72	-	0.21	-
As at March 31, 2023	**1,056.78**	**80.50**	**1.69**	**2.22**
Increase during the year	436.94	-	-	-
Decrease during the year	1.81	-	0.67	-
As at March 31, 2024	**1,491.91**	**80.50**	**1.02**	**2.22**

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2022	**-**
Increase during the year	28.20
Decrease during the year	-
As at March 31, 2023	**28.20**
Increase during the year	73.20
Decrease during the year	97.60
As at March 31, 2024	**3.80**

23. NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Borrowings*		
Term Loans from Banks	203.31	165.27
Term Loan from NBFC	31.17	-
Vehicle Loans from Banks	5.25	3.83
	239.73	169.10
Less : Current maturities of long term debt – Term Loans	(62.04)	(57.55)
Less : Current maturities of long term debt – NBFC	(6.88)	-
Less : Current maturities of long term debt – Vehicle Loans	(1.60)	(1.18)
Total	**169.21**	**110.37**

* net off of ₹ 3.85 crore (Previous year ₹ 1.76 crore) as finance charge.

Regarding Holding Company:

a) Term Loan of ₹ 59.21 crore (Previous year ₹ 86.67 crore) and ₹ 85.03 crore (Previous year ₹ NIL) from the Banks are secured by pari-passu first charge on entire Optical Fibre Project Assets at Hyderabad (Unit -1) 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 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. 12 months after date of commencement of the project respectively.

Notes forming part of Consolidated Financial Statements
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b) Term Loan of ₹ 20.62 crore (Previous year ₹ 30.57 crore) and ₹ 1.74 crore (Previous year ₹ NIL) from the Banks are secured by exclusive first charge on entire Optical Fibre Cable Project Assets at Hyderabad (Unit -2) both present and future, by way of equitable mortgage except land which is pari-passu charged with the lenders of Unit 1 and exclusive charge on machineries financed out of term loan respectively. 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 these term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period i.e. 12 months after date of commencement of the project and 16 structured quarterly instalments over a period of 4 years commencing after moratorium period i.e. 3 months after date of commencement of the project.

c) Term Loans of ₹ 3.73 crore (Previous Year NIL) 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 Holding Company

d) Other Vehicle Loans of ₹ 5.25 crore (Previous Year ₹ 3.83 crore) from banks are secured by way of hypothecation of respective vehicle.

e) The Group has complied with all the debt covenants in both year ended March 31, 2024 and March 31, 2023.

Regarding Subsidiary Company:

f) Term Loan of ₹ 32.98 crore (Previous year ₹ 48.03 crore) from bank and Term Loan of ₹ 31.17 crore (Previous year NIL) from NBFC are secured by way of pari passu charge on all fixed assets (both present and future), 2.5 acre Industrial Land parcel located in Guindy, Chennai by way of registered mortgage, current assets (both present and future) & on all Cash Flows of HTL limited and all immovable assets of plant at Hosur, all movable fixed assets of the company respectively. These loans are further secured by way of Corporate Guarantee of HFCL Limited (Holding Company), personal guarantee of Chairman of the Company, Corporate Guarantee of M/s MN Ventures Private Limited and pledge of 23.90% shareholding of the Holding Company in HTL Limited.

g) Secured term and other Loans – Repayment schedule and rate of interest:

Particulars	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	9.45% to 10.95%	10.90%	8.75%	10.10% to 14.50%	9.90%	7.50% to 10.30%
Outstanding amount	144.24	22.36	3.73	32.98	31.17	5.25
Repayment Due						
FY2024-25	25.00	13.74	0.08	23.22	6.88	1.60
FY2025-26	41.35	8.62	0.08	8.05	6.90	1.16
FY2026-27	46.80	-	0.09	1.71	6.93	1.15
FY2027-28 and onwards	31.09	-	3.48	-	10.46	1.34

24. NON-CURRENT LIABILITIES – PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits (refer note no. 45)		
Provision for Gratuity	23.81	19.76
Provision for Leave Encashment	23.68	21.14
Total	**47.49**	**40.90**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

25. CURRENT FINANCIAL LIABILITIES – BORROWINGS

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings – Loans repayable on demands		
Secured		
(i) from banks – Working Capital *	429.23	354.13
(ii) Current maturities of long-term debts; (refer note 23)	70.51	58.73
Unsecured		
(i) from banks – Vendors bills discounting	140.15	148.36
(ii) from other parties – Inter Corporate Deposit**	168.16	71.99
(iii) from Government of India (Refer Note 56 (i))	-	4.73
Total	**808.05**	**637.94**

*terms of short term borrowings from banks:

A. Regarding Holding Company:

* a) Working Capital Loans from banks aggregating to ₹ 341.50 crore (Previous year: ₹ 230.76 crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. and all other current assets of the company as well as by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.

b) Working Capital Loans from Banks aggregating to ₹ Nil (Previous year: ₹ 73.64 crore) were secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of IPMPLS back bone Project for Network for Spectrum (NFS). The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project for working capital consortium.

c) Working Capital Loan from Bank aggregating to ₹ 35.07 crore (Previous year: ₹ NIL) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of SWSM Project for UP Jal Nigam. The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Hyderabad, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first charge on entire current assets created in the SWSM project.

B. Regarding Subsidiary Companies:

d) Working capital loan of ₹ 52.65 crore (Previous year: ₹ 49.73 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 bills discounting is repayable on due dates as agreed with the Banks

D. Quarterly returns/statements of current assets filed by the Group with Banks are in agreement with the books of accounts.

e) The Group has complied with all the debt covenants in both year ended March 31, 2024 and March 31, 2023.

** Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 10% to 15%.

26. CURRENT FINANCIAL LIABILITIES – TRADE PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables		
Due to Micro & Small Enterprises	65.13	65.03
Others	742.49	812.99
Total	**807.62**	**878.02**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

Ageing of undisputed trade payables as at March 31, 2024

Particulars	Due to Micro and Small Enterprises	Others
Not due	62.58	475.03
Less than 1 year	2.55	222.74
1-2 years	-	41.05
2-3 years	-	2.54
More than 3 years	-	1.13
Total	**65.13**	**742.49**

Ageing of undisputed trade payables as at March 31, 2023

Particulars	Due to Micro and Small Enterprises	Others
Not due	52.01	588.33
Less than 1 year	12.29	189.36
1-2 years	0.38	9.27
2-3 years	0.18	24.16
More than 3 years	0.17	1.87
Total	**65.03**	**812.99**

Note: There are no disputed trade payables.

27. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Retention Money*	270.25	239.79
Other Financial Liabilities		
Interest accrued but not due	0.19	23.74
Security deposit	4.52	4.87
Creditors for Capital Goods	3.60	5.38
Expenses Payables	139.51	74.64
Other Employees related liabilities	21.89	19.50
Unpaid Dividends	0.91	0.83
Total	**440.87**	**368.75**

* retention money are due on completion of erection/contracts/final acceptance by the Group.

28. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	4.88	19.52

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

29. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Others		
Statutory Liabilities payable	20.95	39.91
Advance from Customers	54.41	3.98
Contract Liability- Deferred revenue (Refer note 31)	30.01	-
Total	**105.37**	**43.89**

30. CURRENT LIABILITIES – PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Employee Benefits (refer note no. 45)		
- Provision for Gratuity	5.72	4.11
- Provision for Leave Encashment	6.55	5.63
Provisions – Others	-	2.56
Total	**12.27**	**12.30**

31. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale and Services		
- Manufacturing and trading activities	1,793.60	2,371.57
- Turnkey project related activities	2,664.02	2,363.21
Other Operating Revenues		
- Scrap sale	4.92	4.66
- Export Incentives	2.51	3.87
Total	**4,465.05**	**4,743.31**

(i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115.

(ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 30.01 crore (Previous year ₹ Nil) which is expected to be recognised as revenue in the next year.

(iii) Contract balances

(a) Changes in Contract assets (Unbilled revenue) are as follows-

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**322.12**	**146.88**
Revenue recognised during the year	339.27	309.66
Invoices raised during the year	284.48	134.42
Balance at the end of the year	**376.91**	**322.12**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

(b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**-**	**-**
Increase due to invoicing during the year	30.01	-
Revenue recognised that was included in the unearned and deferred revenue*	-	-
Balance at the end of the year	**30.01**	**-**

* including performance obligation pertaining to projects suspended.

Revenues in excess of invoicing are classified as contract assets (which can also be referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be referred to as unearned revenue). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer.

32. OTHER INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other non-operating income		
Interest Income	58.10	14.72
Financial guarantee Income	0.34	0.30
Exchange Fluctuation Income (net)	8.98	19.14
Subsidy under state incentives scheme	3.18	5.30
Excess Provision written back	11.10	1.46
Bad Debt Recovered	9.92	-
Others	8.97	6.26
Total	**100.59**	**47.18**

33. COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock	291.03	199.05
Add : Purchases during the year	715.42	1,072.85
	1,006.45	**1,271.90**
Less: Closing Stock	206.88	291.03
Total	**799.57**	**980.87**

34. OTHER DIRECT COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Project and labour service charges	1,064.73	953.28
Consumption of Packing Material	37.26	49.62
Consumption of stores and spares parts	28.66	32.07
Loose Tools written off	1.91	1.01
Total	**1,132.56**	**1,035.98**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(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, 2024	For the year ended March 31, 2023
Closing Stock		
Finished Goods	126.38	86.87
Stock in Trade- Goods	170.84	120.73
Work in process	240.33	227.06
	537.55	**434.66**
Opening Stock		
Finished Goods	86.87	63.08
Stock in Trade- Goods	120.73	75.24
Work in process	227.06	193.93
	434.66	**332.25**
Total	**(102.89)**	**(102.41)**

36. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, bonus and allowances	318.64	318.46
Contribution to Provident and other funds	16.76	14.24
Staff welfare expenses	15.13	15.49
Total	**350.53**	**348.19**

37. FINANCE COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Bank Loan Interest	58.46	48.56
Other Interest (net)	17.13	31.80
Bank Charges and loan processing fee	70.08	69.53
Interest on lease liabilities (refer note no. 43)	1.61	2.30
	147.28	**152.19**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

38. OTHER EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	4.94	3.15
Rates and Taxes	9.15	9.36
Auditors' Remuneration		
- Audit Fees	2.06	1.49
- In Other Capacity*	0.23	0.43
- Out of pocket expenses	0.28	0.27
Legal and Professional Charges	54.01	59.65
Communication Expenses	3.78	3.49
Travelling and Conveyance Expenses	51.96	44.40
Power and Fuel & Water Charges	43.95	49.04
Repairs and Maintenance	5.54	7.56
Insurance Expenses	15.12	11.84
Selling & Distribution Expenses	67.61	60.61
Bad debts, Loans and Advances, other balances written off (net)	0.10	0.34
Provision for doubtful debts (net) (refer note 15)	0.35	4.36
Sitting Fees to non-executive directors	0.77	0.59
Research & Product Development Expenses	9.77	4.50
Corporate Social Responsibility Expenses	8.65	7.69
Miscellaneous Expenditure	34.27	28.76
Total	**312.54**	**297.53**

*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.

39. EARNING PER SHARE (EPS)- IN ACCORDANCE WITH THE INDIAN ACCOUNTING STANDARD (IND AS-33)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Basic & Diluted Earnings per share		
Profit for the year	337.52	317.71
Profit attributable to ordinary shareholders (A)	329.81	300.97
Weighted average number of ordinary shares (B)	1,415,093,024	1,379,162,051
(used as denominator for calculating basic EPS)		
Potential equity shares	-	-
Weighted average number of ordinary shares (C)	1,415,093,024	1,379,162,051
(used as denominator for calculating diluted EPS)		
Nominal value of ordinary share	₹ 1/-	₹ 1/-
Earnings per share basic (A/B)	2.33	2.18
Earnings per share diluted (A/C)	2.33	2.18

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

40. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of Judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and Judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The following are the key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Group 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 intangible asset and intangible assets under development

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 45.

4. Revenue Recognition

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Judgement is also required to determine the transaction price for the contract. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

5. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant Judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value For the purpose of determining low value, the Group has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group 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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

7. Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management Judgement 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 Consolidated financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated 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 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 consolidated 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 company are focused on developing telecom and networking products to be intensively deployed in 5G and other communication networks and are situated at Bengaluru, Karnataka and Gurugram, Haryana. Both the R&D centres are registered with Department of Scientific and Industrial Research (DSIR) under Ministry of Science and Technology. Detail of amount spent on Research and Development is as below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Recognised as expenses in statement of Profit & Loss	9.77	4.50
(ii) Capital Expenditure on:		
(a) Tangible Assets	6.16	13.68
(b) Intangible Assets	55.54	10.13
(c) Intangible Assets under development being expenditure new product development	161.58	136.60
(d) Advances and Investment in form of equity	-	12.30
Total	**233.05**	**177.21**

42. DIVIDEND DISTRIBUTION MADE AND PROPOSED

The amount of dividend recognised as distributions to equity shareholders of Holding Company during the year ended March 31, 2024 is @ 20 %, i.e. Re.0.20/- per equity share of face value of Re.1/- each (Previous Year ₹ 0.18/- per equity share). The Board of Directors of Holding Company at its meeting held on May 8, 2023 had recommended such dividend of 20% for the financial year ended March 31, 2023 which was approved by the shareholders at the Annual General Meeting held on September 30, 2023. The aforesaid dividend was paid during the year ended March 31, 2024. The Board of Directors of Holding Company have recommended a dividend of 20% (i.e. Re 0.20/- per equity share of face value of Re.1/- each) for the financial year ended March 31, 2024 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

43. LEASES

The details of the right-of-use asset held by the Group is as follows:

Particulars	Addition for the year ended March 31, 2024	Net carrying amount as at March 31, 2024	Addition for the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Land	-	0.09	-	0.09
Buildings	(0.60)	11.63	0.78	17.23
Total	**(0.60)**	**11.72**	**0.78**	**17.32**

Depreciation on right-of-use asset as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Land	-	-
Buildings	5.00	7.53
Total	**5.00**	**7.53**

The details of the Lease Liabilities payable by the Group is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Current	4.89	13.61
Non Current	9.07	6.20
Total	**13.96**	**19.81**

Interest on lease liabilities is ₹ 1.61 crore and ₹ 2.30 crore for the year ended March 31, 2024 and March 31, 2023 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 ware houses/offices are long term in nature.

44. (A) INFORMATION OF SUBSIDIARY COMPANIES & JOINTLY CONTROLLED ENTITIES:

The following is the list of all subsidiary companies & jointly controlled entities along with the proportion of voting power held:

Name of the Subsidiary Companies & Jointly Controlled Entities	Percentage of Holding	Incorporated In
HTL Limited	74%	India
Polixel Security Systems Private Limited	100%	India
Moneta Finance (P) Ltd.	100%	India
HFCL Advance Systems (P) Ltd.	100%*	India
Raddef Private Limited	90%	India
DragonWave HFCL India Private Limited	100%	India
HFCL Technologies Private Limited	100%	India
HFCL Inc.	100%	USA
HFCL B.V.	100%	Netherlands
HFCL Inc. - Canada (Step down Subsidiary)	100%	Canada
Nimpaa Telecommunications Private Limited (Jointly Controlled Entity)	50%	India
BigCat Wireless Pvt. Limited (Jointly Controlled Entity with 50% voting right)	40.79%	India

*jointly with subsidiary company

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

(B) ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES/JOINTLY CONTROLLED ENTITIES

Name of the Enterprises	Net assets i.e total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount	As % of Consolidated Profit/Loss	Amount
Parent/Holding Company				
HFCL Limited	95.57	3,822.69	94.36	440.91
Subsidiaries - Indian				
HTL Limited	3.19	127.62	3.50	16.34
Polixel Security Systems Private Limited	0.03	1.14	(0.21)	(0.97)
Moneta Finance Private Limited	0.01	0.43	0.01	0.03
HFCL Advance Systems Private Limited	0.00	(0.08)	0.00	(0.01)
Raddef Private Limited	(0.05)	(1.81)	0.61	2.85
DragonWave HFCL India Private Limited	0.10	3.90	0.18	0.84
HFCL Technologies Private Limited	-	(0.12)	0.04	0.19
Subsidiaries - Foreign				
HFCL INC.	(0.04)	(1.60)	(0.43)	(2.02)
HFCL B.V.	0.08	3.36	0.24	1.12
Jointly Controlled Entities- Indian				
Nimpaa Telecommunications Private Limited	0.00	0.00	0.15	0.72
BigCat Wireless Private Limited	0.00	0.00	(0.12)	(0.56)
Non- Controlling interest in all subsidiaries	**1.11**	**44.29**	**1.65**	**7.69**

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, 2024	For the year ended March 31, 2023
Employer's Contribution to Provident Fund	16.66	13.20

b) Defined Benefit Plan

The employees' gratuity fund scheme is managed by HDFC Standard Life Insurance Company Limited which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation and the obligation for leave encashment is recognised in the same manner as gratuity.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

Actuarial assumptions

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.23%	7.38%
Rate of increase in Compensation levels	7.10%	7.25%
Average remaining working lives of employees (Years)	18.58	18.92
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	26.85	22.66
Acquisition adjustment	-	-
Interest Cost	1.98	1.64
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	5.14	4.27
Curtailment cost/(Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(1.77)	(1.74)
Actuarial (gain)/ loss on obligations	0.68	0.02
Present value of obligation as at the end of the period	32.88	26.85
Table showing changes in the fair value of plan assets:		
Fair value of plan assets at beginning of the year	2.98	2.90
Acquisition adjustments	Nil	Nil
Expected return of plan assets	0.22	0.21
Employer contribution	-	-
Benefits paid	Nil	Nil
Actuarial gain/ (loss) on obligations	0.14	(0.12)
Changes deducted	-	-
Fair value of plan assets at year end	3.35	2.98
Other Comprehensive Income		
Actuarial (gain)/loss for the period - Obligation	0.68	0.44
Actuarial (gain)/loss for the period - Plan assets	(0.14)	0.12
Total (gain)/loss for the period	0.54	0.56
Actuarial (gain)/loss recognised in the period	0.54	0.56
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	32.88	26.85
Fair value of plan assets as at the end of the period	3.35	2.98
Funded Status	(29.53)	(23.86)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(29.53)	(23.86)
Expenses recognised in Consolidated Statement of Profit and Loss:		
Current service cost	5.14	4.27
Past service cost (Vested Benefit)	Nil	Nil
Interest Cost	1.98	1.64
Expected return on plan assets	(0.36)	-
Curtailment and settlement cost /(credit)	Nil	Nil
Expenses recognised in the Consolidated Statement of Profit and Loss	6.76	5.91

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	32.88	26.85
Impact due to increase of 0.5%	(1.40)	(1.70)
Impact due to decrease of 0.5%	1.51	1.64
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	32.88	26.85
Impact due to increase of 0.5%	1.51	1.68
Impact due to decrease of 0.5%	(1.41)	(1.74)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		
Maturity profile of defined benefit obligation:		
March 2024 to March 2025	4.80	2.40
March 2025 to March 2026	1.54	0.96
March 2026 to March 2027	1.78	0.92
March 2027 to March 2028	2.45	1.13
March 2028 to March 2029	1.83	1.90
March 2029 to March 2030	2.24	1.56
March 2030 onwards	18.24	17.97
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.35	2.98

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary Valuer.

c) Other Long Term Employee Benefits

Actuarial assumptions

Particulars	Leave Encashment	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	7.23%	7.38%
Rate of increase in Compensation levels	7.10%	7.25%
Average remaining working lives of employees (Years)	18.71	18.73

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ crore)

Particulars	Leave Encashment	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Table showing changes in present value of obligations:		
Present value of obligation as at the beginning of the year	26.78	22.48
Acquisition adjustment	-	-
Interest Cost	1.97	1.62
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	6.83	6.59
Curtailment cost/(Credit)	Nil	Nil
Settlement cost /(Credit)	Nil	Nil
Benefits paid	(4.01)	(3.92)
Actuarial (gain)/ loss on obligations	(1.34)	0.02
Present value of obligation as at the end of the period	30.23	26.78
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	30.23	26.78
Impact due to increase of 0.5%	(1.67)	(1.69)
Impact due to decrease of 0.5%	1.68	1.69
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	30.23	26.78
Impact due to increase of 0.5%	1.74	(1.59)
Impact due to decrease of 0.5%	(1.68)	1.56
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		

46. OPERATIONAL BUYERS' CREDIT/SUPPLIERS CREDIT

Operational Buyers'/Suppliers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 5.00%-6.00% per annum. These trade credits are generally repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is partly backed by Standby Letter of Credit issued under working capital facilities sanctioned by Indian banks.

47. COMMITMENTS AND CONTINGENCIES

(a) Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Unexpired Letters of Credit (margin money paid ₹ 37.52 crore; Previous year ₹ 33.62 crore)	239.72	263.55
(ii) Guarantees given by banks on behalf of the Group (margin money kept by way of fixed deposits of ₹ 170.67 crore; Previous year ₹ 148.23 crore)	927.01	896.87
(iii) Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 4.30 crore (previous year ₹ 3.91 crore) shown as recoverable advance)	105.85	86.50
(iv) Custom Duty against import under EPCG scheme	2.52	-

Notes:

i) The Group's pending litigations comprise of claims against the Group and proceedings pending with Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.

Notes forming part of Consolidated Financial Statements

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ii) The Group periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Group has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

iii) The Holding Company has provided guarantees to third parties on behalf of subsidiary and associates. The Holding Company does not expect any outflow of resources in respect of such guarantees.

iv) The Group have perused the judgement of Hon'ble Supreme Court vide its ruling given in February 2019 and it has been opined that if any allowance is not paid across the board, it shall not be treated as basic wages for the purpose of Employee Provident Fund contribution under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, hence we understand that no further liability lies upon us.

v) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

vi) As at March 31, 2024 the Group has outstanding term derivative contracts as referred in note no. 58.

vii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and jointly controlled entities incorporated in India

(b) Capital Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	292.84	307.16
Uncalled capital Commitment pertaining to investments	9.11	5.00

(c) Financial Guarantees

Particulars	Issued to	As at March 31, 2024	As at March 31, 2023	Credit facilities Extended by Banks
Microwave Communications Limited	Credit Lyonnais Bank	9.60	9.60	Ad-hoc BG
Microwave Communications Limited	The Vysya Bank Limited	4.06	4.06	Working Capital
Exicom Tele-Systems Limited	Punjab National Bank	6.50	6.50	Working Capital

48. In the opinion of the Board of Holding Company, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated. Balances of various trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Consolidated Financial Statements.

49. Holding Company's Solan manufacturing facility is experiencing limited operations due to rapid technological advancements and other changes in the industry landscape. Currently, Solan facility is primarily generating revenue through job work operations. In a proactive move to optimise costs, the Holding Company's Board had decided to realign its manufacturing facilities and operations. This entails transferring certain plant and machinery, along with testing equipment, from the Solan facility to other manufacturing locations. Simultaneously, the management of Holding Company is actively exploring opportunities to revitalise operations at the Solan Facility by identifying potential alternative uses for the facility.

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ crore)

50. "RELATED PARTY DISCLOSURES" AS REQUIRED BY IND AS – 24 AND REGULATION 34(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

(i). Name and description of related parties.-

Relationship	Name of Related Party
(a) Key management personnel:	Mr. Mahendra Nahata, Managing Director- HFCL Limited
	Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited
	Mr. Manoj Baid, President & Company Secretary- HFCL Limited
	Mr.G.S.Naidu, COO & Manager – HTL Limited
	Mr. C. D. Ponnappa Chief Financial Officer – HTL Limited
	Mr. S Narayanan, Company Secretary- HTL Limited
	Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited
	Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited
	Mr. Prashant Kishanani, Company Secretary-HFCL Technologies Private Limited (from 04.04.2022 upto 06.04.2023)
	Mr. Piyush Kumar (w.e.f 04.03.2024)
	Mr. Mahaveer Singh (from 01.06.23 upto 22.12.23)
(b) Jointly Controlled Entities:	Nimpaa Telecommunications Private Limited
	BigCat Wireless Private Limited
(c) Post Employment Benefit Plans:	HFCL Employees Group Gratuity Trust
	HFCL Employees Trust – ESOP
(d) Enterprises owned or Significantly influenced by key management personnel or their relatives:	MN Ventures Private Limited
	Nextwave Communications Private Limited
	Exicom Tele-Systems Limited
	Exicom Energy Systems Private Limited
	Exicom Power Systems Private Limited
	Satellite Finance Private Limited
	Shankar Sales Promotion Private Limited
	Vinsan Brothers Private Limited
	Fitcore Tech-Solutions Private Limited
(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, 2024 are as under:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Purchases/receiving of Goods & services		
Exicom Tele-Systems Limited	0.66	1.95
Exicom Energy Systems Private Limited	0.19	-
BigCat Wireless Private Limited	-	2.10
Nimpaa Telecommunications Private Limited	11.44	4.31

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for the year ended March 31, 2024
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Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sales/rendering of Goods and Materials		
Exicom Tele-Systems Limited	8.65	4.09
Exicom Energy Systems Private Limited	-	0.32
Nimpaa Telecommunications Private Limited	0.22	0.49
Investments		
BigCat Wireless Private Limited	-	7.00
Income - Rent /Other Income		
Exicom Tele-Systems Limited	0.46	0.46
Exicom Energy Systems Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
Income - Interest on Loan given		
Nimpaa Telecomunications Private Limited	0.33	0.50
Expenses - Rent /Other expenses		
Exicom Tele-Systems Limited	0.87	0.84
Nimpaa Telecomunications Private Limited	-	9.02
Satellite Finance Private Limited	0.39	0.36
Shankar Sales Promotion Private Limited	0.78	0.73
Vinsan Brothers Private Limited	0.78	0.79
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(0.50)	(1.00)
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata (Managing Director)	0.91	4.29
Mr. Vijay Raj Jain (Chief Financial Officer)	(0.60)	(0.50)
Dividend paid		
MN Ventures Private Limited	5.87	5.28
Nextwave Communications Private Limited	4.40	3.96
Shankar Sales Promotion Private Limited	0.01	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.45	0.40
Mr. Mahendra Nahata	0.03	0.02
Mr. Anant Nahata	0.05	0.05
Mr. Vijay Raj Jain	0.01	0.01
Mr. Manoj Baid	0.00	0.00
Mr. G.S.Naidu, COO & Manager - HTL Limited	0.00	0.00
Mr. C. D. Ponnappa Chief Finance Officer - HTL Limited	0.00	0.00
HFCL Employees Trust	0.02	0.03
Warrants (Convertible into Equity Shares on preferential basis)		
MN Ventures Private Limited	60.00	20.00
Mr. Vijay Raj Jain	9.00	3.00
Mr. Manoj Baid	1.20	0.40
Mr. G.S. Naidu, COO & Manager - HTL Limited	-	0.40

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Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Closing Balances of Receivables		
Exicom Tele-Systems Limited	2.26	9.92
Exicom Energy Systems Private Limited	0.04	0.05
Exicom Power Systems Private Limited	-	0.01
Nimpaa Telecommunications Private Limited	0.07	0.10
Closing Balances of Loans		
Nimpaa Telecommunications Private Limited	2.50	3.00
Closing Balances of Security Deposit		
Satellite Finance Private Limited	0.16	0.16
Vinsan Brothers Private Limited	0.40	0.40
Closing Balances of Trade Payables		
Exicom Tele-Systems Limited	0.00	-
Exicom Energy Systems Private Limited	0.00	-
Nimpaa Telecommunications Private Limited	1.20	0.67
Shankar Sales Promotion Private Limited	0.14	0.15
Vinsan Brothers Private Limited	0.13	-
Satellite Finance Private Limited	-	0.01
Contribution towards ESOP Trust		
HFCL Employee Trust (Net)	1.84	2.81
Guarantees and collaterals		
Exicom Tele-Systems Limited	6.50	6.50
Closing Balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	5.21	4.29
Mr. Vijay Raj Jain (Chief Financial Officer)	-	0.60
Remuneration of Key Management Personnel's*		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	9.80	6.80
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	4.55	3.58
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	1.42	0.88
Mr. G.S. Naidu, COO & Manager - HTL Limited	1.89	1.01
Mr. C. D. Ponnappa Chief Financial Officer- HTL Limited	0.95	0.71
Mr. S Narayanan, Company Secretary- HTL Limited	0.29	0.25
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.51	0.30
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited	0.12	0.12
Mr. Prashant Kishanani, Company Secretary- HFCL Technologies Private Limited (from 04.04.2022)	-	0.06
Mr. Piyush Kumar (w.e.f 04.03.2024)	0.01	-
Mr. Mahaveer Singh (from 01.05.23 upto 22.12.23)	0.07	-

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for the year ended March 31, 2024
(All amounts are in ₹ crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remuneration payable to Key Management Personnel's		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.22	0.55
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.13	0.02
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.02	0.04
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited	0.01	-
Mr. Prashant Kishanani, Company Secretary-HFCL Technologies Private Limited (from 04.04.2022 upto 06.04.2023)	-	0.00
Mr. Piyush Kumar (w.e.f 04.03.2024)	0.01	-
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.05	0.03
Mr.G.S.Naidu, COO & Manager - HTL Limited	0.25	0.16
Mr. C. D. Ponnappa Chief Financial Officer- HTL Limited	0.17	0.11
Mr. S Narayanan, Company Secretary- HTL Limited	0.03	0.02
ESOP excercised		
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	-	0.19
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	-	0.09

* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Major Terms and Conditions of transactions with related parties:

i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

ii) The remuneration to Key Managerial Personnel are in line with the HR policies of the group.

iii) Loans and advances given to Directors/ KMPs have specified terms/ period of repayment and are in line with HR policies of the group.

iv) The Holding Company makes advances to its associate companies to cater their short term business requirements. Such advances carry interest rates at the rate applicable to the term loans as per Holding Company's policy.

v) The interest and /or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Holding Company and dividend paid on such securities is uniformally applicable to all the holders.

vi) Outstanding balances of group companies at the year-end are unsecured.

51. SEGMENT REPORTING

The Holding Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Holding Company has disclosed the segment information in the consolidated financial statements.

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses/Incomes which are not directly allocable to the segments are included under un-allocable expenditure/ incomes.

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ crore)

iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

vi. Inter – Segment revenue:- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

(a) Primary segment information

The Group's operations primarily relates to manufacturing of telecom products, executing turnkey contracts and providing services relating thereto. Accordingly segments have been identified in line with Indian Accounting Standard on Segment Reporting 'Ind AS-108'. Telecom products and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

Particulars	Business Segments							
	Telecom Products		Turnkey Contracts and Services		Other		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	1,862.48	2,637.97	2,602.56	2,103.60	-	1.74	4,465.05	4,743.31
Segment Result	215.86	403.12	367.06	170.15	4.00	2.27	586.92	575.53
Unallocated Finance charges							147.28	152.19
Unallocated expenses							8.22	8.56
Unallocated Income							22.61	15.82
Profit before tax							454.04	430.60
Income tax (net)							116.50	112.89
Profit after tax							337.54	317.71
Other Information								
Segment assets	2,248.11	1,980.88	3,416.35	2,900.94	6.25	3.89	5,670.70	4,885.70
Unallocated other assets							816.13	586.89
Total assets	2,248.11	1,980.88	3,416.35	2,900.94	6.25	3.89	6,486.84	5,472.59
Segment liabilities	773.82	1,001.84	1,078.16	937.44	0.45	3.06	1,852.43	1,942.35
Unallocated other liabilities							634.59	386.11
Total liabilities	773.82	1,001.84	1,078.16	937.44	0.45	3.06	2,487.02	2,328.45
Depreciation	79.00	79.37	2.75	3.60	-	-	81.76	82.97
Capital Expenditure	262.39	287.43	1.28	1.28	21.37	16.64	285.04	305.35
Non-cash expenses other than Deprecation	4.70	4.63	-	-	0.01	-	4.70	4.64

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(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	For the year ended March 31, 2024	For the year ended March 31, 2023
(1) Revenue from External Customers		
Within India	3,964.41	3,925.82
Outside India	500.64	817.49
Total revenue as per statement of profit and loss	**4,465.05**	**4,743.31**
(2) Non Current Assets		
Within India (excluding financial assets & deffered tax assets)	1,200.55	874.51
Outside India	-	-
Total	**1,200.55**	**874.51**

(c) Revenue from three customer is ₹ 1744.51 crore (₹ 2184.06 crore from two 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 ₹ 5.23 crore (Previous year ₹ 4.34 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, 2024	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Abhay Carriers Private Limited	Shareholder	0.00	Not Related
Adinath Financial Service Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Ltd	Shareholder	0.00	Not Related
Ashok Investors Trust Limited	Shareholder	0.00	Not Related
Astral Auto Parts Pvt Ltd	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdja Securities Pvt Ltd	Shareholder	0.00	Not Related
Binary Solutions Pvt Ltd	Shareholder	0.00	Not Related
Bkg Securities Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Chothani Fibres Pvt Ltd	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Dauji Investments Pvt Ltd	Shareholder	0.00	Not Related
Esteem Capital Services (P) Ltd.	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Farhan Traders Pvt Ltd	Shareholder	0.00	Not Related

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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, 2024	Relationship with the Struck off company, if any, to be disclosed
Highlands Garments Pvt Ltd	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Pvt Ltd	Shareholder	0.00	Not Related
Jalsagar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Kothari Intergroup Ltd.	Shareholder	0.00	Not Related
Lakshana Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	0.00	Not Related
Maa Biz Services Pvt Ltd	Shareholder	0.00	Not Related
Modern Gears Private Ltd.	Shareholder	0.00	Not Related
Modern Information & Systems Pvt Ltd	Shareholder	0.00	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	0.00	Not Related
Pegasus Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Positive Tracon Pvt Ltd	Shareholder	0.00	Not Related
Pragya Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Ramdayal Associates Ltd	Shareholder	0.00	Not Related
Ronak Fabrics Pvt. Ltd	Shareholder	0.01	Not Related
Sai Shipping Company Pvt.Ltd.	Shareholder	0.00	Not Related
Sai Shirdi Lea – Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shyam Engineering Co Pvt Ltd	Shareholder	0.00	Not Related
Spectrum Stock Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	0.00	Not Related
Suraj Enterprise Pvt Ltd	Shareholder	0.00	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	0.00	Not Related
Touchstone Stock Management P. Ltd	Shareholder	0.00	Not Related
Vaishak Shares Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Pvt Ltd	Shareholder	0.00	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.00	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Woodmen Products (P) Ltd	Shareholder	0.00	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.00	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.00	Not Related
Zen Securities Limited -Clients (Dormant)	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Pvt Ltd	Shareholder	0.00	Not Related

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(All amounts are in ₹ crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding at the end of the year as at March 31, 2023	Relationship with the Struck off company, if any, to be disclosed
Vaishak Shares Limited	Shareholder	0.00	Not Related
Kothari Intergroup Limited	Shareholder	0.00	Not Related
Chothani Fibres Private Limited	Shareholder	0.00	Not Related
Farhan Traders Private Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Esskyennr Securities Limited	Shareholder	0.00	Not Related
S J Capital Limited	Shareholder	0.00	Not Related
Yash Stockbrokers Private Limited	Shareholder	0.00	Not Related
Vinod Housing Private Limited	Shareholder	0.00	Not Related
Woodmen Products Private Limited	Shareholder	0.00	Not Related
Dapki And Bavishi Securities Private Limited	Shareholder	0.00	Not Related
N D Stocks Private Limited	Shareholder	0.00	Not Related
G- Mat Trading Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Puja Supertech Private Limited	Shareholder	0.00	Not Related
Interstate Share Broking Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Aakansha Portfolio Private Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Limited	Shareholder	0.00	Not Related
Shahuji Global Solution Private Limited	Shareholder	0.00	Not Related
B S Investment Co.Private Limited	Shareholder	0.00	Not Related
Ramdayal Associates Limited	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Private Limited	Shareholder	0.00	Not Related
N.R.I. Financial Services Limited	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Jalsagar Commercial Private Limited	Shareholder	0.00	Not Related
Shyam Engineering Co Private Limited	Shareholder	0.00	Not Related
Kanha Shares Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Lakshana Holdings Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Murlidhar Securities Private Limited	Shareholder	0.00	Not Related
Surakshit Securities Private Limited	Shareholder	0.00	Not Related
Sinnar Steels Private Limited	Shareholder	0.00	Not Related
Modern Information & Systems Private Limited	Shareholder	0.00	Not Related
BDJA Securities Private Limited	Shareholder	0.00	Not Related
Steelman Investments Private Limited	Shareholder	0.00	Not Related
Touchstone Stock Management Private Limited	Shareholder	0.00	Not Related
Malnad Investors Association Limited	Shareholder	0.00	Not Related
Balia Consultancy Services Private Limited	Shareholder	0.00	Not Related

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding at the end of the year as at March 31, 2023	Relationship with the Struck off company, if any, to be disclosed
Asha Latex & Allied Industries Private Limited	Shareholder	0.00	Not Related
Sai Shirdi Lea – Fin Private Limited	Shareholder	0.00	Not Related
Pegasus Mercantile Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Enpee Investments Private Limited	Shareholder	0.00	Not Related
HMK Capital Management Private Limited	Shareholder	0.00	Not Related
Sun Shine Holdings Private Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Excel Capital Services Private Limited	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Megha Investments Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Private Limited	Shareholder	0.00	Not Related
VMS Consultants Private Limited	Shareholder	0.00	Not Related
Kaliangi Constructions Private Limited	Trade Payable	0.06	Not Related
NGS Technology Private Limited	Trade Payable	0.13	Not Related
Overarching Solutions Private Limited	Trade Payable	0.02	Not Related
Dexterous Engineering Private Limited	Trade Payable	0.01	Not Related
Visat Services Private Limited	Trade Payable	0.04	Not Related
Saransh Infrastructure Limited	Trade Payable	0.00	Not Related
Snpr Constructions Private Limited	Trade Payable	0.22	Not Related
G Fazco Infra Private Limited	Trade Payable	0.01	Not Related

54. On October 15, 2018, pursuant to the approval by the shareholders, the Board of the Holding Company 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 3 years from the date of grant 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 are forfeited due to non-achievement of defined annual performance parameters as determined by the Nomination, Remuneration and Compensation Committee in its meeting held on April 23, 2022 and accordingly as on March 31, 2022 the share based payment reserve was adjusted. During the previous year, this cancellation/forfeiture of unvested options had resulted into a reversal of share based payment expense in the Consolidated 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, 2024 and March 31, 2023 is as follows:

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for the year ended March 31, 2024
(All amounts are in ₹ crore)

Particulars	Shares arising out of options*	
	Year ended March 31, 2024	Year ended March 31, 2023
Employee Stock Options (ESOPs)		
Outstanding at the beginning	1,382,200	3,021,000
Granted	-	-
Exercised	463,400	1,491,800
Forfeited and expired		147,000
Outstanding at the end	918,800	1,382,200
Exercisable at the end	918,800	1,382,200
Restricted Stock Units (RSUs)		
Outstanding at the beginning	-	-
Granted	-	-
Exercised	-	-
Forfeited and expired		
Outstanding at the end	-	-
Exercisable at the end	-	-

* Includes options granted to employees of subsidiary company

The details of equity-settled RSUs and ESOPs outstanding as at March 31, 2024 are as follows:

Particulars	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
20-25 (ESOPs)	918,800	1	20.65

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

Particulars	For ESOPs granted during the year ended March 31, 2024
Weighted average share price (₹)	20.65
Exercise price (₹)	20.65
Expected volatility	56.4% to 59.1%
Expected life of the option (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

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP. Expected volatility during the expected term of the RSU/ESOP 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 RSU/ESOP.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024

(All amounts are in ₹ crore)

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

Particulars	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2024	March 31, 2023	2023-24	2022-23
Nimpaa Telecommunications Private Limited	2.50	3.00	3.00	3.00

Disclosure pursuant to section 186 of The Companies Act 2013:

Sr. No.	Nature of Transaction (Loans given/Investment made/Guarantee given/Security provided)	Purpose for which the loan/guarantee/security is proposed to be utilised by the recipient	2023-24	2022-23
(A)	**Loans and Advances**			
	Other Related Party:			
	(a) Nimpaa Telecommunications Private Limited	Working capital	2.50	3.00
	Other Party:			
	(a) Parmesh Finlease Limited	Working capital	2.50	2.50
	(b) Infotel Business Solutions Limited	Working capital	4.00	4.00
(B)	**Guarantees Given**			
	Investment Company:			
	(a) Exicom Tele-Systems Limited	Corporate guarantee given for Debt	6.50	6.50

56. IN RESPECT OF SUBSIDIARY COMPANIES, THE FOLLOWING ADDITIONAL NOTES TO ACCOUNTS ARE DISCLOSED:-

HTL LIMITED

i) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in 2002. In respect of the remaining land measuring 30.99 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. The company is following up with Government of Tamil Nadu for obtaining the clear title. In respect of above said land, a Show Cause Notice (SCN) was issued on June 8, 2020, by Office of the Revenue Divisional Officer, Guindy, Chennai, objecting on patta of assigned land entered in the revenue records of the Govt. Subsequently, interim stay on SCN was granted by Hon'ble Madras High Court on June 19, 2020. Further, date of hearing is yet to be fixed by the Hon'ble Madras High Court.

ii) HTL Limited has proposed for allotment of 8% redeemable and non-convertible preference capital of ₹10,000 lakhs by way of conversion of outstanding Loans & advances extended by Holding Company. HTL Limited has submitted the proposal before Department of Telecommunications (DoT) vide letter HTL/DoT/21-22 dated March 22, 2022 for seeking their administrative approval for the proposal so that the required formalities under the Companies Act can be taken up accordingly.

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, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(All amounts are in ₹ crore)

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

57.1 Financial Instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	167.37	-	-	37.18	-
ii) Structured entity (current assets)						
a) Sumedha Fiscal Services Limited	-	0.08	-	-	0.10	-
b) Valiant Communications Limited	-	0.32	-	-	0.12	-
c) Poonawalla Fincorp Limited	-	-	-	-	4.47	-
d) Media Matrix Worldwide Limited	-	0.01	-	-	0.01	-
e) Sahara One Media and Entertainment Limited	-	-	-	-	0.39	-
f) NSL Wind Power Company (Phoolwadi) Private Limited	-	0.19	-	-	0.19	-
B) Mutual funds	4.60	-	-	7.10	-	-
C) Debentures & Bonds	-	-	1.85	-	-	1.85
II) Trade receivables	-	-	2,735.79	-	-	2,309.21
III) Bank deposits	-	-	38.66	-	-	36.21
IV) Cash and Cash equivalents	-	-	23.32	-	-	63.67
V) Other Bank balances	-	-	313.01	-	-	258.92
VI) Security deposit for utilities and premises	-	-	20.58	-	-	17.79
VII) Other receivables	-	-	562.54	-	-	554.85
Total financial assets	**4.60**	**167.97**	**3,695.74**	**7.10**	**42.45**	**3,242.50**
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	809.11	-	-	671.59
B) From Others	-	-	168.16	-	-	76.72
II) Obligations under Finance Lease	-	-	13.96	-	-	19.81
III) Deposits	-	-	270.25	-	-	239.79
IV) Trade payables	-	-	807.63	-	-	878.02
V) Other liabilities	-	-	170.61	-	-	297.10
Total Financial liabilities	**-**	**-**	**2,239.71**	**-**	**-**	**2,183.03**

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.

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(All amounts are in ₹ crore)

A) Year ending March 31,2024

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2024	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	-	4.60	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.08	-	-
b) Valiant Communications Limited	14	0.32	-	-
c) Poonawalla Fincorp Limited	14	-	-	-
d) Media Matrix Worldwide Limited	14	0.01	-	-
e) Sahara One Media and Entertainment Limited	14	-	-	-
f) NSL Wind Power Company (Phoolwadi) Private Limited	14	-	-	0.19
g) Exicom Tele-Systems Limited	8	-	-	149.29
h) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
i) Shankar Sales Promotion Private Limited	8	-	-	0.10
j) Atul Properties Private Limited	8	-	-	1.85
k) Nivetti Systems Private Limited	8	-	-	17.93
Total Financial Assets		**0.41**	**4.60**	**169.41**

B) Year ending March 31, 2023

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2023	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	7.10	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.10	-	-
b) Valiant Communications Limited	14	0.12	-	-
c) Poonawalla Fincorp Limited	14	4.47	-	-
d) Media Matrix Worldwide Limited	14	0.01	-	-
e) Sahara One Media and Entertainment Limited	14	0.39	-	-
f) NSL Wind Power Company (Phoolwadi) Private Limited	14	-	-	0.19
g) Exicom Tele-Systems Limited	8	-	-	19.35
i) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
j) Shankar Sales Promotion Private Limited	8	-	-	0.10
k) Atul Properties Private Limited	8	-	-	1.85
l) Nivetti Systems Private Limited	8	-	-	17.69
Total Financial Assets		**12.19**	**-**	**39.23**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2024
(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.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2024					
Trade payables	26	807.63	807.63	-	**807.63**
Retention Money	27	270.25	270.25	-	**270.25**
Other liabilities	23,25,27,43,47	1,161.84	983.55	178.28	**1,161.83**
As at March 31, 2023					
Trade payables	26	878.02	878.02	-	**878.02**
Retention Money	27	239.79	239.79	-	**239.79**
Other liabilities	23,25,27,43,47	1,065.22	948.65	116.57	**1,065.22**

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 2024 and 31 March 2023.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
The Group is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments, the Group diversifies its portfolio in accordance with the limits as per the risk management policies.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.
Equity Price Risk is related to the change in market reference price of the investments in equity securities.	The use of any new investment must be approved by the Management.	If the equity prices had been 10% higher/lower: Total comprehensive income for the year ended March 31, 2024 would increase/decrease by ₹ 17.44 crore (for the year ended March 31, 2023: increase/decrease by ₹ 5.14 crore) as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL.

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(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 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 ₹ 2.44 crore loss for year ended March 31, 2024 (₹ 1.93 crore loss for year ended March 31, 2023).

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Group periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Group's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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, 2024	As at March 31, 2023
Debt	977.27	748.31
Less : Cash and Cash equivalents (Note 16)	(23.33)	(62.91)
Net Debt	**953.94**	**685.40**
Total Equity	3,999.82	3,144.14
Net Debt to Total Equity	**0.24**	**0.22**

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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, 2024		As at March 31, 2023	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	2,367,311	19.73	11,577,243	96.13

c) Foreign Currency exposure

Particulars		As at March 31, 2024		As at March 31, 2023	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	33,323,560	278.76	61,282,530	504.92
	EUR/INR	1,131,352	10.25	1,217,253	11.00
	GBP/INR	3,335,752	35.26	204,376	2.09
	MUR/INR	461,272	0.08	646,732	0.12
	BDT/INR	14,221,642	1.08	29,005,177	2.23
	SGD/INR	20,925	0.13	-	-
	JPY/INR	227	-	172,000	0.01
Trade receivable	USD/INR	15,569,968	129.52	10,866,168	88.94
	EUR/INR	4,299,813	38.52	9,976,230	88.56
	GBP/INR	483,949	50.97	11,412,639	115.50
	MUR/INR	37,328,772	0.09	5,221,007	0.95
	BDT/INR	4,851,234	2.84	27,413,077	2.10
	AED/INR	111,243	0.25	111,243	0.25
Cash and Bank Balances	USD/INR	-	-	27,861	0.23
	EUR/INR	-	-	104,218	0.92
	GBP/INR	532,856	5.58	1,117,363	11.31
	MUR/INR	4,699,421	0.84	21,075,475	3.84
	BDT/INR	9,347,720	0.71	30,555,124	2.34

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for the year ended March 31, 2024

(All amounts are in ₹ crore)

Particulars		As at March 31, 2024		As at March 31, 2023	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Other Assets	USD/INR	-	-	54,565	0.45
	EUR/INR	-	-	339,058	3.01
	GBP/INR	3,514,486	36.82	3,382,076	34.22
	MUR/INR	45,303,551	8.11	31,525,552	5.74
	BDT/INR	46,430,506	3.53	28,848,913	2.21
Other Liabilities	USD/INR	-	-	13,692	0.11
	EUR/INR	-	-	148,560	1.34
	GBP/INR	664,849	6.97	955,738	9.77
	MUR/INR	279,928	0.05	2,545,397	0.46
	BDT/INR	63,065,220	4.79	41,508,887	3.18
Capex Payable	BDT/INR	8,117	0.07	198,740	1.63

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.

	Year Ended March 31, 2024		Year Ended March 31, 2023	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
Impact on profit or loss for the year				
USD Impact	7.46	(7.46)	20.85	(20.85)
EURO Impact	(1.41)	1.41	(4.01)	4.01
GBP Impact	(1.77)	1.77	(7.46)	7.46
MUR Impact	(0.45)	0.45	(0.50)	0.50
BDT Impact	(0.06)	0.06	(0.06)	0.06
AED Impact	(0.01)	0.01	(0.01)	0.01
JPY Impact	-	-	-	-
SGD Impact	0.01	(0.01)	-	-

59. TAX RECONCILIATION

Particulars	F.Y. 2023-24	F.Y. 2022-23
Net Profit as per Statement of Profit and Loss (before tax)	**454.02**	**430.61**
Current Tax rate @ 25.17%	**114.98**	**109.42**
Adjustment:		
Depreciation & other adjustment	(48.08)	(35.92)
Amount of eligible/ineligible expenditure	0.65	4.23
Other Adjustments	0.36	1.27
Tax Provision as per Books	**67.91**	**79.00**

The Group is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

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60. RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standard under Companies (Indian Accounting Standards) rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

61. The Holding Company was awarded an Arbitration claim dated 29-Sep-2023 amounting to ₹ 55.94 crore. Accordingly, interest of ₹ 36.25 crore, Bad debt recovery of ₹ 9.92 crore and reversal of provision for doubtful debts of ₹ 9.77 crore have been accounted for under Other Income.

62. OTHER STATUTORY INFORMATION:

i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.

ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

v) The Group does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.

vii) The Group is not declared wilful defaulter by bank or financial institution or lender during the year.

viii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.

ix) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, except in mentioned below in subsidiary company namely HTL Limited.

Change in favour of	Delay Period (in Months)	Reason for Delay
Axis Finance Limited (Security on all movable assets of Company and immovable assets of Plant at Hosur, Tamil Nadu	1	Delayed Receipt of NOC

63. Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification/presentation.

As per our report of even date attached

For **S Bhandari & Co. LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

P. D. Baid
Partner
M. No. 072625

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M. No.: 054645

Place: New Delhi
Date: May 03, 2024

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Ranjeet Mal Kastia
Director
DIN: 00053059

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
President & Company Secretary
M. No.: FCS 5834

Place: New Delhi
Date: May 03, 2024

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

(₹ in crores)

Name of the Subsidiary	HTL Limited	Moneta Finance Private Limited	HFCL Advance Systems Private Limited	Polixel Security Systems Private Limited	Dragonwave HFCL India Private Limited	Radeff Private Limited	HFCL Technoloies Private Limited	HFCL B.V.	HFCL Inc.	*HFCL Canada Inc.
The Date since when subsidiary was acquired	October 16, 2001	July 11, 2006	Februry 23, 2015	August 09, 2016	December 17, 2019	May 15, 2019	June 26, 2021	October 07, 2021	October 08, 2021	October 26, 2023
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
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 @90.61	USD @83.69	CAD @ 61.76
Share Capital	15.00	1.02	0.10	0.18	7.00	0.01	1.00	0.00	0.00	0.00
Reserves and Surplus	156.84	1.70	(0.09)	6.39	2.64	(2.37)	(0.12)	3.36	(1.99)	Nil
Total Assets	**570.36**	**2.74**	**0.01**	**8.26**	**10.04**	**2.75**	**65.06**	**8.59**	**19.23**	**0.00**
Total Liabilities	**398.52**	**0.02**	**0.00**	**1.69**	**0.40**	**5.11**	**64.18**	**5.23**	**21.21**	**0.00**
Investments	0.19	1.95	Nil	0.01	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	844.29	Nil	Nil	1.09	0.60	6.93	1.78	14.56	9.51	Nil
Profit before taxation	42.09	0.04	(0.01)	(1.00)	1.11	3.23	(0.19)	1.43	(2.38)	Nil
Provision for taxation	13.64	0.01	Nil	Nil	0.27	Nil	Nil	0.29	Nil	Nil
Profit after taxation	28.45	0.03	(0.01)	(1.00)	0.84	3.23	(0.19)	1.14	(2.38)	Nil
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Extent of Shareholding %	74	100	100	100	100	90	100	100	100	100

Name of Subsidiaries which are yet to commence operations: NA
Name of Subsidiaries which have been liquidated or sold during the year: NA

*Note: HFCL B.V., a wholly owned subsidiary of HFCL Limited in The Netherlands, has established a wholly owned subsidiary namely HFCL Canada Inc. in Canada. Consequently, HFCL Canada Inc. has also become a step down wholly owned subsidiary of the Company w.e.f. October 26, 2023.

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 "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	31-03-2024	31-03-2024
2. Date on which the Associate or Joint Venture was associated or acquired	June 14, 2021	November 12, 2021
3. Shares of Associate/Joint Ventures held by the Company on the year end	50%	**50%
No.	1,000,000	36,000
Amount of Investment in Associates/Joint Venture	1.00	17.50
Extend of Holding %	50.00	40.79
4. Description of how there is significant influence	Pursuant to Section 2(6) of the Companies Act, 2013	Pursuant to Section 2(6) of the Companies Act, 2013
5. Reason why the associate/joint venture is not consolidated	NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet	2.44	6.78
7. Profit/Loss for the year		
i. Considered in Consolidation	0.64	0.29
i. Not Considered in Consolidation	-	-

** BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right w.e.f. November 12, 2021)

1. Names of associates or joint ventures which are yet to commence operations. : NA
2. 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	**Ranjeet Mal Kastia**	**Vijay Raj Jain**	**Manoj Baid**
Place: New Delhi	Managing Director	Director	Chief Financial Officer	President & Company Secretary
Date: May 03, 2024	DIN: 00052898	DIN: 00053059	PAN: AALPJ8603K	M. No.: FCS 5834

HFCL LIMITED

Registered Office: 8, Electronics Complex, Chambaghat, Solan – 173213 (Himachal Pradesh)
Tel: +91-1792-230644; Fax: +91-1792-231902; Website: **www.hfcl.com**; E-mail: **secretarial@hfcl.com**
(Corporate Identity Number: L64200HP1987PLC007466)

NOTICE

(PURSUANT TO SECTION 101 OF THE COMPANIES ACT, 2013)

NOTICE is hereby given that the **37th (Thirty-Seventh) Annual General Meeting ("AGM")** of the members of **HFCL Limited** will be held on **Monday, the 30th day of September, 2024 at 11:00 A.M. (IST)** through Video Conferencing/Other Audio Visual Means **("VC"/"OAVM")** Facility, 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, 2024, 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, 2024, 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, 2024 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, 2024, 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, 2024 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, 2024 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, 2024."

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 77 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 77 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. **Re-Appointment of Mr. Ajai Kumar (DIN: 02446976) as an Independent Director for second term**

   To re-appoint Mr. Ajai Kumar (DIN: 02446976) as an Independent Director of the Company for a second term of three consecutive years and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the **"Act"**) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"SEBI Listing Regulations"**) [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force] and on the recommendation of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, Mr. Ajai Kumar (DIN: 02446976), Independent Director of the Company, whose first term of office is expiring on November 24, 2024 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, signifying his intention to propose Mr. Ajai Kumar's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of three consecutive years commencing from November 25, 2024 up to November 24, 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee), be and are hereby authorised to do all such acts, deeds, matters, things and to take all such steps as may be considered necessary or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto."

6. **Re-appointment and Remuneration of Mr. Mahendra Nahata (DIN: 00052898) as a Managing Director and a Key Managerial Personnel**

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 and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (the **"Act"**), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"SEBI Listing Regulations"**) (including any statutory modification(s) or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be required or imposed by any of the authorities while granting such approvals, permissions and sanctions and pursuant to the provisions of the Articles of Association of the Company, on the recommendation of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, consent of the members of the Company, be and is hereby accorded for re-appointment of Mr. Mahendra Nahata (DIN: 00052898) as a Managing Director, not liable to retire by rotation and a Key Managerial Personnel of the Company, who is also a Promoter of the Company, whose current term of office is expiring on September 30, 2024, for a further period of 03 (three) years, with effect from October 01, 2024, on the terms and conditions including remuneration as set out in the Statement pursuant to Section 102 of the Act annexed to this Notice, notwithstanding the annual remuneration payable to him exceeding Rupees 5 Crores or 2.5 percent of the net profits of the Company, calculated as per the provisions of Section 198 of the Act, whichever is higher, with liberty to the Board of Directors (hereinafter referred to as the **"Board"** which term shall be deemed to include the Nomination, Remuneration and Compensation Committee of the Board) to alter and vary the terms and conditions of the re-appointment and/or remuneration.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during the tenure of Mr. Mahendra Nahata as the Managing Director of the Company, he shall be paid the remuneration as set out in the Statement referred to above as the minimum remuneration in accordance with the provisions of Schedule V to the Act, without seeking any further approval from the members of the Company in general meeting.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s)/authorised representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **Borrowing funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013**

To borrow funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the Special Resolution passed by the members of the Company at their 32nd Annual General Meeting of the Company held on September 28, 2019 and pursuant to the provisions of Section 180(1)(c), 180(2) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the **Board**", which expression shall be deemed to include any committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), to borrow any sum or sums of money (in foreign currency or Indian rupees) including by way of fully/partly convertible debentures and/ or non-convertible debentures, from time to time, at its discretion, from any one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organisations, institutions and/or any other persons, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company, its free reserves (that is to say reserves not set apart for any specific purpose) and securities premium, subject to such aggregate borrowings not exceeding the amount of ₹8000 Crores (Rupees Eight Thousand Crores only) and that the Board be and is hereby empowered and authorised to arrange funds and fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and to execute all documents and writings to give effect to this resolution."

8. Creation of charge on the assets of the Company as prescribed under Section 180(1)(a) 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, and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the Special Resolution passed by the members of the Company at their 32nd Annual General Meeting of the Company held on September 28, 2019, and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the applicable rules ("the **Act**"), including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the **Board**", which expression shall be deemed to include any committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) for creation of charge/ mortgage/ pledge/ hypothecation/ security or other encumbrances in addition to existing charge/ mortgage/ pledge/ hypothecation/ security or other encumbrances, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties, tangible or intangible assets of the Company, both present and future and/or the whole or substantially the whole or one or more or all or any part of the undertaking(s) of the Company, as the case may be in favour of the lender(s), agent(s) and trustee(s), for securing the borrowings availed/to be availed by the Company by way of loan(s) (in foreign currency and/ or rupee currency) and securities (comprising fully/ partly convertible debentures and/or non-convertible debentures, bonds or other debt instruments), issued/to be issued by the Company, subject to the limits approved by the members of the Company under Section 180(1) (c) of the Act, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), debenture trust deed(s) or any other document, entered into/to be entered into between the Company and the lender(s)/ agent(s)/trustee(s), etc. in respect of the said loans/ borrowings/debentures/securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lender(s)/agent(s)/trustee(s), etc.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior/ pari-passu/subservient with/to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle, and execute such documents/deeds/writings/papers/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creation of mortgages/charges/pledge/hypothecation/security or other encumbrances as aforesaid.

9. **Approval for Material Related Party Transactions with HTL Limited, a Material Subsidiary**

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) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (**"Listing Regulations"**), read with Section III-B of the SEBI Master Circular bearing reference no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 (**"SEBI Master Circular"**), as updated from time to time, applicable provisions of the Companies Act, 2013 (**"Act"**) read with rules made thereunder, other applicable laws/statutory provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Memorandum of Association and the Articles of Association of the Company, the Company's Policy on Related Party Transaction(s), pursuant to the approval/ recommendation of the Audit Committee and the Board of Directors of the Company (hereinafter referred to as **"Board"** which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), subject to requisite statutory/regulatory and other appropriate approvals, if any, as may be required, the consent of the members of the Company, be and is hereby accorded to the Board to enter into and/or continue the related party transaction(s)/contract(s)/agreement(s)/arrangement(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise), with HTL Limited, a material unlisted subsidiary of the Company **("Subsidiary")**, and related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for such amount and on such material terms and conditions as mentioned in the Statement to this resolution as annexed with this notice and on such terms and conditions as the Board/ Audit Committee of the Company may deem fit, provided that, the transaction(s)/contract(s)/ agreement(s)/ arrangement(s)/ shall be carried out at an arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the transaction(s)/ contract(s)/ agreement(s)/ arrangement(s) with Subsidiary of the Company are continuing business transactions and will be entered into with Subsidiary during the two financial years i.e. from April 01, 2025 to March 31, 2027.

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."

By **Order of the Board**

Registered Office:
8, Electronics Complex
Chambaghat
Solan-173213 (H. P.)

(Manoj Baid)
President & Company Secretary
Membership No: FCS 5834

Place: New Delhi
Date: September 02, 2024

NOTES:

1. In compliance with the Ministry of Corporate Affairs **('MCA')** Circulars Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 **("MCA Circulars")**, permitted the companies to conduct the AGM through Video Conferencing/ Other Audio Visual Means **("VC/OAVM")**, without the physical presence of members at a common venue and the Securities and Exchange Board of India **("SEBI")** vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023, **("SEBI Circulars")** (hereinafter collectively referred to as **"the Circulars"**), inter-alia allowed relaxation from dispatching of hard copy of statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses. Hence, in compliance with the Circulars, the Companies Act, 2013 (the **"Act"**) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"SEBI Listing Regulations"), the 37th AGM of the Company is being held through VC/OAVM on Monday, September 30, 2024 at 11:00 a.m. (IST)**.

   The deemed venue for the AGM will be the place from where Chairperson conducts the proceedings of the AGM.

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 Circulars issued by the Ministry of Corporate Affairs, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (**"NSDL"**) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.

3. As per the provisions of Clause 3.A.II of the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA, the matter of Special Business as appearing at Item no. 5 to 9 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forms part of this Notice.

4. The relative Statement pursuant to Section 102 of the Act in respect of the business under Item no. 4 to 9 set out above and the relevant details of the Directors seeking re-appointment at this AGM in respect of business under Item no. 4 to 6 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 37th 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 Scrutiniser by e-mail at **scrutinizer@hfcl.com** with a copy marked to **evoting@nsdl.com** and the Company at **secretarial@hfcl.com**.

7. Only registered members of the Company may attend and vote at the AGM through VC/OAVM facility. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. The Members can join the AGM in the VC/OAVM mode at least 15 minutes before and till 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination Remuneration and Compensation Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

9. **ELECTRONIC DISPATCH OF NOTICE AND ANNUAL REPORT**: In line with the Circulars, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. The Notice of AGM and Annual Report 2023-24 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**.

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 37th 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. **SCRUTINISER 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 Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.

12. **BOOK CLOSURE:** Pursuant to the provisions of Section 91 of the Act read with Regulations 46 of the SEBI Listing Regulations the Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, September 24, 2024 to Monday, September 30, 2024 (both days inclusive)** for the purpose of AGM and payment of dividend on equity shares for FY24.

   The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut- off date on **Monday, September 23, 2024**. 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. **September 23, 2024**, 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**.

13. 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).

14. **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 your folio number.

15. 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.

16. 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.

17. 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.

18. 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**.

19. 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.

20. **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 1, 2019, except in case of transmission or transposition of securities. However, members can continue to hold shares in physical form. In view of the same and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's RTA for assistance in this regard. Members may please note that SEBI vide its Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 has mandated the listed companies to issue securities in dematerialised form only while processing service requests, viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4. The said form can be downloaded from the Company's website under Investor relation at **www.hfcl.com**. It may be noted that any service request can be processed only after the folio is KYC Compliant.

21. SEBI vide circular nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with master circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated August 11, 2023, has established a common Online Dispute Resolution Portal **("ODR Portal")** for resolution of disputes arising in the Indian Securities Market.

    Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (**https://smartodr.in/login**).

22. 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.

23. 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 2023-24 and the procedure for remote e-Voting along with the login ID and password for remote e-Voting.

24. Members may note that the Board, at its meeting held on May 03, 2024, has recommended a final dividend of ₹ 0.20 (Twenty Paisa only) per fully paid-up equity share. The record date for the purpose of payment of final dividend for FY24 is **Monday, September 23, 2024**. The aforesaid dividend, once approved by the members in this AGM, will be paid within 30 days from the date of AGM.

    Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details.

    Further, as you may be aware that SEBI vide its circular dated November 03, 2021 read with circulars dated December 14, 2021, November 17, 2023, May 7, 2024 and June 10, 2024 has mandated that the security holders holding shares in physical form but have not updated their PAN or Contact Details or Mobile Number or Bank Account Details or Specimen Signature, then the dividend amount shall be paid only through electronic mode to such security-holders with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

    In order to receive dividend/s in a timely manner, Members are requested to register/update their complete bank details:

    (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and

    (b) with RTA if shares are held in physical mode, by submitting duly filled in Form ISR-1 along with the (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf.

Further, please refer to our e-mail communication dated June 08, 2024 to the shareholders in respect of Deduction of Tax at Source on Dividend under relevant provisions of the Income-Tax Act, 1961. Please provide necessary documents/information for claiming exemption form TDS on Dividend to be paid for the FY24.

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 FY18, FY19, FY21 and FY22 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 FY23 on the website of the Company at **https://www.hfcl.com**,

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

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	Amount (₹) (Unpaid as on March 31, 2024)
2017-18	0.06	September 29, 2018	November 04, 2025	December 04, 2025	10,29,721.50
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,23,526.80
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,39,556.76
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	27,98,606.75
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,68,262.22

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-Voting period begins on **Friday, September 27, 2024 at 09:00 A.M. and ends on Sunday, September 29, 2024 at 05:00 P.M.** The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e., **Monday, September 23, 2024** may cast their vote, electronically.

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut- off date, being **Monday, September 23, 2024**. The person who is not a member/beneficial owner as on the cut-off date should treat this Notice for information purpose only.

Members are requested to carefully read the below instructions in connection with remote e-Voting and procedure for joining the AGM.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned hereafter:

Step 1: Access to NSDL e-Voting system:

(A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of share holders	Login Method
Individual Share- holders holding securities in demat mode with NSDL.	1. 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. 2. 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**. 3. 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. 4. 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 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 user your existing password to login and cast your vote.

   (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the **'initial password'** which was communicated to you. Once you retrieve your **'initial password'**, you need to enter the **'initial password'** and the system will force you to change your password.

   (c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your **'initial password'** is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered: Please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   (a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on **www.evoting.nsdl.com**.

(b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on **www.evoting.nsdl.com**.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at **evoting@nsdl.com** mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

(d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to **"Terms and Conditions"** by selecting on the check box.

8. Now, you will have to click on **"Login"** button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system: How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc, to the Scrutiniser 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, Manager** 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 SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat accounts.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through **VC/OAVM** through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of **"VC/OAVM link"** placed under **"Join General meeting"** menu against company name. You are requested to click on **VC/OAVM** link placed under Join General Meeting menu. The link for **VC/OAVM** will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at **secretarial@hfcl.com**. The same will be replied by the Company suitably.

SPEAKER REGISTRATION BEFORE AGM:

Members of the Company, holding shares as on the cut-off date i.e. **Monday, September 23, 2024** and who would like to speak or express their views during the AGM, may register themselves as speakers by sending their request in advance from **Wednesday, September 25, 2024 (09:00 A.M. IST) up to Thursday, September 26, 2024 (05:00 P.M. IST)**, mentioning their name, demat account number/ folio number, e-mail ID, mobile number at **secretarial@hfcl.com**. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time for the AGM. Only Registered Speakers will be allowed to speak during the meeting.

SUBMISSION OF QUESTIONS/QUERIES PRIOR TO AGM:

For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company at **secretarial@hfcl.com**, during **Wednesday, September 25, 2024 (09:00 A.M. IST) up to Thursday, September 26, 2024 (05:00 P.M. IST)** mentioning their name, demat account no./folio number, email ID, mobile number etc. The Company will, at the AGM, endeavour to address the queries received till aforesaid dates from those Members who have sent queries from their registered email IDs. Please note that Members' questions will be answered only if they continue to hold shares as on the cut-off date. Such questions by the Members will be taken up during the meeting or replied within 7 days from AGM date by the Company suitably, if necessary.

Members who will participate in the AGM through **VC/OAVM** can also pose question/feedback through question box option. Such questions by the Members will be taken up during the AGM or replied within 7 days from AGM date by the Company suitably, if necessary.

DECLARATION OF RESULTS ON THE RESOLUTIONS:

1. The Scrutiniser 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 Scrutiniser'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 Scrutiniser'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 30, 2024**.

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	Mr. Ajai Kumar	Mr. Mahendra Nahata
DIN	00052270	02446976	00052898
Date of Birth (Age in years)	March 09, 1947 (77 years)	June 26, 1953 (71 Years)	May 19, 1959 (65 Years)
Date of first appointment	October 31, 2004	November 25, 2021	May 11, 1987
Experience/Expertise in Specific Functional Areas/Brief Resume	Mr. Arvind Kharabanda has got over 46 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.	Mr. Ajai Kumar has got over 42 years' experience in Public Sector Banking Industry holding eminent leadership positions in India and overseas. He has served as Chief Managing Director of Corporation Bank, Executive Director of UCO Bank and General Manager of Technology and Retail Banking at Bank of Baroda. With a penchant for independent thinking, he has painstakingly taken several path breaking initiatives for the growth of banks through varied strategies. During his association, Corporation Bank was honoured with National award by Prime Minister of India for its performance in MSME finance for the year 2012-13. Mr. Ajai Kumar has wide exposure in Banking and Finance, Risk Management, Investments, and Treasury Operations encompassing International & domestic operations. He has strong IT orientation and insight into areas of technology environment, project management and operations.	Mr. Mahendra Nahata has got business experience of over 41 years. Mr. Mahendra Nahata is the Founder and Managing Director of HFCL, leading overall strategy, planning, and new business development of the Company. He was associated with many esteemed forums of telecom industry. He has served on the Board of Governors of Indian Institute of Technology - Bombay, Indian Institute of Technology -Madras, Indian Institute of Information Technology - Allahabad and was a Member of the Council of Scientific & Industrial Research, Government of India. In 2003, Mr. Nahata was awarded "Telecom Man of the Millennium" by Voice & Data. He was the President of the Telecom Equipment Manufacturers Association of India (TEMA), Co-Chairman of the Telecom Committee of Federation of Indian Chamber of Commerce and Industry, and Chairman - Telecom Committee of PHD Chamber of Commerce & Industry.
Qualification(s)	Chartered Accountant (CA)	Law graduate with a Master's degree in M.Sc. (Physics).	Bachelors in Commerce (Hons.)
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	1. Indiabulls Investment Management Limited 2. Amar Ujala Limited 3. National Urban Co-Operative Finance and Development Corporation Limited 4. Can Fin Homes Limited	1. HTL Limited 2. Reliance Jio Infocomm Limited 3. HFCL Technologies Private Limited 4. MN Ventures Private Limited

Name of the Director	Mr. Arvind Kharabanda	Mr. Ajai Kumar	Mr. Mahendra Nahata
Directorship in other companies including listed companies	5. Rajasthan Antibiotics Private Limited 6. DragonWave HFCL India Private Limited	5. Satyadevi Institute for Financial Learning Private Limited 6. Future Generali Indian Insurance Co. Limited 7. Nukleus Office Solutions Private Limited 8. Adani Petronet (Dahej) Port Limited	5. Krishiv Ventures Private Limited 6. Pranatharthi Ventures Private Limited
Listed entities from which the person has resigned in the past three years	NIL	NIL	NIL
Chairmanship/ Membership of Committees of other boards	**Rajasthan Antibiotics Limited:** Audit Committee-Member Remuneration Committee – Member	**Amar Ujala Limited:** Audit Committee – Chairman **Can Fin Homes Limited:** Audit Committee – Member Nomination & Remuneration Committee – Member Technology Committee – Chairman **National Urban Co-Operative Finance and Development Corporation Limited:** Nomination & Remuneration Committee – Member Audit Committee – Member **Indiabulls Investment Management Limited:** Audit Committee – Member Risk Management Committee – Chairman CSR Committee – Member **Future Generali India Insurance Co Limited:** Audit Committee – Member Ethics and Compliance Committee – Member Corporate Social Responsibility Committee – Member Nomination & Remuneration Committee – Member Banking Affairs Committee – Chairman **Nukleus Office Solutions Limited:** Audit Committee – Chairman **Adani Petronet (Dahej) Port Limited:** Audit Committee – Chairman Nomination & Remuneration Committee – Chairman CSR Committee – Chairman	**HTL Limited:** Nomination and Remuneration Committee – Member **Reliance Jio Infocomm Limited:** Allotment Committee-Member

Name of the Director	Mr. Arvind Kharabanda	Mr. Ajai Kumar	Mr. Mahendra Nahata
Shareholding in the listed entity, including shareholders as a beneficial owner	NIL	Nil	13,35,091 (0.09%) Equity Shares (Shareholding as Significant Beneficial Owner – 19.91% as on June 30, 2024)
Relationship with other Directors and KMPs of the Company	Not Applicable	Not Applicable	Not Applicable
No. of Board Meetings held/ Attended	07/07	07/07	07/07
Details of Remuneration sought to be paid	Except, Sitting Fee for attending the Board and/or Committee meetings, no other remuneration is payable.	Except, Sitting Fee for attending the Board and/or Committee meetings, no other remuneration is payable.	As per Item No. 6 read with Statement under Section 102 of the Companies Act, 2013, annexed thereto of the Notice of this AGM.
Last Remuneration drawn (per annum)	₹ 19,50,000/- only (Rupees Nineteen Lakhs and Fifty Thousand only). (Towards Sitting fee for attending Board and its Committee meetings from April 01, 2023 till March 31, 2024)	₹ 4,50,000/- only (Rupees Four Lakhs and Fifty Thousand only). (Towards Sitting fee for attending Board and its Committee meetings from April 01, 2023 till March 31, 2024)	₹ 10.04 crores only (Salary for FY24)
Disclosure of relationships between directors inter-se	Nil	Nil	Nil
Terms and conditions of re-appointment and Remuneration	As mentioned in the Resolutions 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 Nos. 5 to 9 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 35th Annual General Meeting **("AGM")** of the Company held on September 30, 2022.

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 77 years, is recommended at this 37th AGM by way of a Special Resolution in compliance of the SEBI Listing Regulations.

Mr. Arvind Kharabanda has got over 46 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 Directors proposed to be re-appointed, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard-2 (**"SS-2"**) on General Meetings issued by* *the Institute of Company Secretaries of India"* or elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

The Board is of the view that continued association of Mr. 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 May 03, 2024, has approved the re-appointment of Mr. Arvind Kharabanda aged 77 years 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

Mr. Ajai Kumar (DIN: 02446976) was appointed as an Independent Director on the Board of your Company, w.e.f. November 25, 2021, for one term of three consecutive years, by the shareholders at the Extra-Ordinary General Meeting **("EGM")** of the Company, held on March 07, 2022, in terms of the provisions of Section 149 of the Companies Act, 2013 (the **"Act"**) read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"SEBI Listing Regulations"**).

Mr. Ajai Kumar holds office as an Independent Director of the Company up to November 24, 2024 **("First Term")** in line with the explanation to Sections 149(10) and 149(11) of the Act.

Mr. Ajai Kumar is a law graduate and holds a master degree in M.Sc. (Physics). Mr. Ajai Kumar is having over forty two years of experience in Public Sector Banking Industry holding eminent leadership positions in India and overseas. He has served as Chief Managing Director of Corporation Bank, Executive Director of UCO Bank and General Manager of Technology and Retail Banking at Bank of Baroda.

With a penchant for independent thinking, he has painstakingly taken several path breaking initiatives for the growth of banks through varied strategies.

During his association, Corporation Bank was honoured with National award by Prime Minister of India for its performance in MSME finance for the year 2012-13.

Mr. Ajai Kumar has wide exposure in Banking and Finance, Risk Management, Investments and Treasury Operations encompassing international & domestic operations. He has strong IT orientation and insight into areas of technology environment, project management and operations.

The performance evaluation of Mr. Ajai Kumar was based on various criteria, inter-alia, including attendance at Board and committee meetings, skill, experience, knowledge acquired with regard to the Company's business, understanding of industry and global trends, etc.

Pursuant to the recommendations of the Nomination, Remuneration and Compensation **("NRC")** Committee, made at its meeting held on September 02, 2024, the Board of Directors of the Company passed a resolution at its meeting held on September 02, 2024 and approved the re-appointment of Mr. Ajai Kumar as an Independent Director, not liable to retire by rotation, for a second term of consecutive three years commencing from November 25, 2024 to November 24, 2027, based on his skills, experience, knowledge and positive outcome of performance evaluation done by the NRC Committee and the substantial contribution made by him during his tenure. The Board is of the view that continued association of Mr. Ajai Kumar as an Independent Director of the Company would be immensely beneficial to the Company and it is desirable to avail his services as an Independent Director.

Mr. Ajai Kumar has given his consent in form DIR-2 to act as Director in terms of Section 152(5) of the Act and declaration in form DIR-8 that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act.

Also, in compliance with the SEBI Order dated June 14, 2018 to the Stock Exchanges and further BSE Circular No. LIST/COMP/14/2018-19 and NSE Circular No. NSE/CML/2018/24 both dated June 20, 2018, this is to confirm that Mr. Ajai Kumar (DIN: 02446976) has not been debarred from holding the office of director by virtue of any SEBI order or any other such authority.

The Company has received declaration from Mr. Ajai Kumar stating that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

Mr. Ajai Kumar also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board of Directors, Mr. Ajai Kumar fulfils the conditions specified in the Act read with the rules made thereunder and the SEBI Listing Regulations, for his re-appointment as an Independent Director of the Company and is independent of the Management.

Mr. Ajai Kumar doesn't hold any equity shares in the Company.

In terms of Section 160 of the Act, the Company has received a notice in writing from a member proposing the candidature of Mr. Ajai Kumar to be re-appointed as an Independent Director of the Company.

A copy of the terms and conditions of appointment of independent directors are available for inspection by the Members in physical or electronic form at the Registered Office of the Company between 10.00 a.m. to 12.00 noon, on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the AGM and are also available at the website of the Company at **https://www.hfcl.com/wp-content/uploads/2021/11/Terms-and-conditions-of-appointment-of-Independent-Directors-10.05.17.pdf**

The terms and conditions of current re-appointment of Mr. Ajai Kumar are same as during his First Term as an Independent Director.

A brief profile of Mr. Ajai Kumar to be re-appointed as a Non-Executive Independent Director is given under the heading *"Details of Directors proposed to be re-appointed, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India"* or elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

Pursuant to the provisions of Section 149(10) and other applicable provisions of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, and shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in Board's report.

Pursuant to Regulation 25(2A) of the SEBI Listing Regulations the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

Accordingly, the Board recommends the re-appointment of Mr. Ajai Kumar as a Non-Executive Independent Director of the Company as set out in Item No. 5 of the Notice for the approval of members by way of a special resolution.

Mr. Ajai Kumar is interested in the resolution set out at Item No. 5 of the Notice with regard to his re-appointment and remuneration payable as a Non-Executive Independent Director. The relatives of Mr. Ajai Kumar may be deemed to be interested in the aforesaid resolution to the extent of their shareholding, if any, in the Company.

The Board recommends the special resolution set out in Item no.5 of the Notice for the approval of members.

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. 5 of the Notice.

ITEM NO. 6

Mr. Mahendra Nahata (DIN: 00052898) is a Promoter and holds position on the Board of Directors of the Company w.e.f. May 11, 1987, i.e. since inception of the Company.

Mr. Mahendra Nahata (DIN: 00052898) was previously re-appointed as a Managing Director on the Board of your Company, by the shareholder of the Company in their 34th Annual General Meeting held on September 30, 2021, w.e.f. October 01, 2021, for a period of 3 (three) years from the expiry of his previous term which expired on September 30, 2021.

The current term of appointment of Mr. Mahendra Nahata as a Managing Director of the Company is expiring on September 30, 2024.

The performance evaluation of Directors/ Executive Director was based on various criteria, inter-alia, including attendance at Board and Committee Meetings, skill, experience, knowledge acquired with regard to the Company's business, performance of the Company, understanding of industry and global trends, etc.

Based on the skills, experience, knowledge and positive outcome of performance evaluation and the substantial contribution made by Mr. Mahendra Nahata during his tenure as the Managing Director of the Company and on the recommendation made by the Nomination, Remuneration and Compensation Committee **("NRC Committee")**, at its meeting held on September 02, 2024, the Board of Directors of the Company, subject to approval of members, passed a resolution at its meeting held on September 02, 2024 approving re-appointment of Mr. Mahendra Nahata as a Managing Director, not liable to retire by rotation and a Key Managerial Personnel, for a period of consecutive three years commencing from October 01, 2024 to September 30, 2027, on the terms and conditions including remuneration as recommended by the NRC Committee and approved by the Board in accordance with the provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the **"Act"**) and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"SEBI Listing Regulations"**).

Mr. Mahendra Nahata has given a declaration as per Section 196(3) read with Part I of Schedule V to the Act that he fulfils the conditions for the re-appointment of a managing director and a declaration in form DIR-8 that he is not dis-qualified from being appointed as a Director in terms of Section 164(2) of the Act.

Also, in compliance with the SEBI Order dated June 14, 2018 to the Stock Exchanges and further BSE Circular No. LIST/COMP/14/2018-19 and NSE Circular No. NSE/CML/2018/24 both dated June 20, 2018, this is to confirm that Mr. Mahendra Nahata (DIN: 00052898) has not been debarred from holding the office of director by virtue of any SEBI order or any other such authority.

It is proposed to seek the members' approval for re-appointment of and remuneration payable to Mr. Mahendra Nahata as a Managing Director of the Company.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Mahendra Nahata as a Managing Director are as under:

a. Salary, Perquisites and Allowances: ₹7.50 crores per annum

b. Remuneration based on net profits:

In addition to Salary, Perquisites and Allowances as set out above Mr. Mahendra Nahata, Managing Director shall be entitled to receive remuneration based on net profits calculated in accordance with the provisions of Section 198 of the Act, which will be determined by the Board and/or the NRC Committee, subject to the conditions that such payment shall be within the overall ceiling of the remuneration permissible under the Act, with a maximum limit of ₹5 crores per annum.

The Perquisites and Allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; medical insurance and such other perquisites and/or allowances.

The Perquisites and Allowances, as aforesaid, shall be evaluated, wherever applicable, as per the provisions of the Income Tax Act, 1961 read with rules thereunder including any statutory modification(s) or re-enactment thereof. In the absence of any such rules, Perquisites and Allowances shall be evaluated at actual cost.

Further, Mr. Mahendra Nahata shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on his overall remuneration:

a. contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 (43 of 1961);

b. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

c. encashment of leave at the end of his current tenure.

The increment in the Salary, Perquisites and Allowances as may be determined by the Board and/or the NRC Committee of the Board is not to be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payments shall be within the overall ceiling of remuneration permissible under the Act.

d. Reimbursement of Expenses: Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of cars for use on the Company's business; telephone expenses at residence and club memberships shall be reimbursed and not considered as the Perquisites.

Notwithstanding anything to the contrary contained herein, where in a financial year, during the currency of the tenure of Mr. Mahendra Nahata, the Company has no profit or its profits are inadequate, the Company shall subject to the requisite approvals/ sanctions, if any, wherever required and subject to the provisions of Sections 196, 197 and 203 of the Act and subject to the conditions and limits specified in Schedule V to the Act, pay Mr. Mahendra Nahata, Salary, Perquisites and Allowances, as set out herein above, as the minimum remuneration.

e. General:

i. The Managing Director will perform the duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board, from time to time in all respect and confirm to and comply with all such directions and regulations as may from time to time, be given and made by the Board.

ii. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

iii. The Managing Director shall adhere to the Company's Code of Conduct.

iv. The office of the Managing Director may be terminated by the Company or by the Managing Director by giving 6 (six) months' prior notice in writing, by either party.

Since FY2019-20, no increment in the remuneration of Mr. Mahendra Nahata, Managing Director has been made. During this period, Mr. Mahendra Nahata, Managing Director voluntarily chose to forgo the proposal for the payment of net profit-based remuneration to him for FY2020-21 and FY2022-23, suggesting instead that these funds be utilised for the benefit of the Company's needy employees.

It is further informed to the members that during FY2021-22, no payment of net profit-based remuneration was made to Mr. Mahendra Nahata, the Managing Director of the Company.

In light of the above and considering the Company's performance for the financial year 2023-24, future growth prospects, the ability to pay based on the current cash flow situation, comparative remuneration profiles in the industry, the size of the Company, and the significant efforts made by Mr. Mahendra Nahata, Managing Director despite tough competition from the Company's competitors, the Board, on the recommendation of the NRC Committee, has decided to increase Mr. Mahendra Nahata's current remuneration from ₹6.20 crores per annum to ₹7.50 crores per annum, along with remuneration based on net profits, with a maximum limit of ₹5.0 crores per annum.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Mahendra Nahata, Managing Director, in terms of Section 190 of the Act.

Mr. Mahendra Nahata holds a Bachelor's degree in Commerce from St. Xavier's College, Kolkata and has business experience of over 41 years. He leads the overall strategy and planning, business development and marketing activities of HFCL Group. Mr. Mahendra Nahata is also on the Board of Reliance Jio Infocomm Limited, a subsidiary of Reliance Industries Limited.

Mr. Nahata's contribution to the telecom sector is commendable and many milestones in the sector have been achieved due to his initiatives and entrepreneurship.

He is one of the pioneers in the New Age Telecom sector of India and had been associated with many esteemed forums related to the telecom industry. In the past, Mr. Mahendra Nahata had been member of Board of Governors of the Indian Institute of Technology, Bombay and the Indian Institute of Technology, Madras.

He had also been the Member of the Board of Governors of the Indian Institute of Information Technology, Allahabad and Member of the Council of Scientific & Industrial Research, Government of India.

Mr. Mahendra Nahata had been President of the Telecom Equipment Manufacturers Association of India (TEMA), Co-Chairman of the Telecom Committee of the Federation of Indian Chamber of Commerce and Industry, Chairman-Telecom Committee of PHD Chamber of Commerce & Industry.

Mr. Mahendra Nahata was given "Telecom Man of the Millennium" award by Voice & Data in 2003.

A brief profile of Mr. Mahendra Nahata to be re-appointed as Managing Director is given under the heading "*Details of Directors proposed to be re-appointed, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standards 2 on General Meetings issued by the Institute of Company Secretaries of India*" or elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

Mr. Mahendra Nahata holds 13,35,091 (0.09%) equity shares and is the Significant Beneficial Owner of 19.91% paid-up equity share capital of the Company as on June 30, 2024.

Except for the proposed re-appointment, remuneration and shareholding interest, Mr. Mahendra Nahata does not have any pecuniary relationship with the Company or with any other key managerial personnel.

Mr. Mahendra Nahata is interested in the resolution as set out at Item No. 6 of the Notice. The relatives of Mr. Mahendra Nahata may be deemed to be interested in this resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

It is, therefore, proposed to seek the members' approval for re-appointment and remuneration payable to Mr. Mahendra Nahata as Managing Director, in terms of the applicable provisions of the Act and the SEBI Listing Regulations.

Your Board recommends the Special Resolution set out at Item no. 6 of the Notice for your approval.

ITEM NO. 7 & 8

The members of the Company at their 32nd Annual General Meeting held on September 28, 2019, had accorded approval to the Board of Directors of the Company to borrow money/ moneys up to an aggregate amount of ₹ 5000 Crores, by way of a Special Resolution passed under Section 180(1)(c) of the Companies Act, 2013 (the **"Act"**).

Keeping in view your Company's existing and future funding requirements for capital expenditure, operational expenditure, working capital expenditure, and general corporate purposes, as well as to fulfill long-term strategic and business objectives, the Company will need to borrow funds from time to time. This measure aims to achieve greater financial flexibility and enable an optimal financing structure.

It is proposed to borrow funds from one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organisations, institutions and/or any other persons (hereinafter referred to as the **"Lenders"**) as may deem fit by the Company, which may, together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceed the borrowing limits under the provisions of Section 180(1)(c) of the Act.

The Company may borrow funds by way of issuing secured/ unsecured redeemable non-convertible/ partly convertible/ wholly convertible bonds/ debentures as well.

It is, therefore, proposed to increase the borrowing limits from ₹5000 crores to ₹8000 Crores (Rupees Eight Thousand Crores only), in terms of Section 180(1)(c) and 180(2) of the Act.

Further, the borrowings by the Company, in general, are required to be secured by charge/mortgage/pledge/ hypothecation/security or other encumbrances on all or any of the movable or immovable or tangible or intangible properties of the Company, in such form, manner and ranking, as may be determined by the Board, from time to time, in consultation with the Lender(s). In order to facilitate securing the borrowings made by the Company or to be made in future, it would be necessary to create charge on the assets or the whole or substantially the whole or one or more or all or any part of the undertaking(s) of the Company.

Section 180(1)(a) of the Act provides the power to the Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, subject to the approval of members in the general meeting.

The consent of the members is required under the provisions of Sections 180(1)(c) and 180(1)(a) of the Act, to borrow funds in excess of the limits and to mortgage and/or create a charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of your Company to secure its borrowings.

Accordingly, the proposed Resolutions at Item Nos. 7 & 8 of the accompanying Notice is placed for approval of the members by way of Special Resolutions to enable the Company to exercise the aforesaid powers as and when required.

None of the Directors or Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, in any way, financially or otherwise, is interested or concerned in the aforesaid Resolutions.

ITEM NO. 9

The members of the Company are informed that Section 188 of the Companies Act, 2013 ("the **Act"**) read with the Companies (Meetings of Board and its Powers) Rules, 2014 states that no company shall enter into transactions, which exceed the threshold limits ascribed in rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, with a related party as defined under section 2(76) of the Act except with the consent of the Board and members of the Company, where such transactions are not in the ordinary course of business of the Company or not on an arm's length basis.

However, all transactions between the Company and HTL Limited, have been/shall be executed in the ordinary course of business and on an arms' length basis. Hence, the provisions of Section 188(1) of the Companies Act, 2013 and the rules made thereunder are not applicable on transactions between these entities.

However, as per the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations")** all material transactions with a related party, as defined under section 2(76) of the Act and Regulation 2(1)(zb) of SEBI Listing Regulations, shall require prior approval of the members of the Company and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Regulation 23 of SEBI Listing Regulations inter-alia provides that a transaction with a related party shall be considered as material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Members are further informed that the Company is inter-alia engaged in business of manufacturing of range of products in optical fiber cable **("OFC")**, optical fiber and telecom and networking equipment. The Company also provide an end-to-end portfolio of integrated next generation optical and data networking solutions for telecommunication, defence communication and railway communication.

Members are further informed that the Company and HTL Limited, a material subsidiary, based at Chennai (**"HTL"** or **"Subsidiary"**), are in the similar line of business and transactions between Company and HTL are inter-connected and recurring in nature. In furtherance of its business activities and in the best interest of the Company and to ensure stability of supplies in terms of quality and logistics, the Company has entered into/will enter into various transactions with HTL, inter-alia, purchase/sale of goods or materials, availing or rendering of services like consulting, advisory, turnkey, infrastructure, job work, taking/giving any property on lease/ license including machineries, subscription of securities, granting inter corporate deposits (**"ICDs"**), interest on ICDs/ business advance etc., which shall be carried out in the ordinary course of business and at arms' length basis.

Further, HTL may also obtain credit facilities from various banks/lenders for meeting the requirement of its business operations and expansion plans and such lenders may sanction the credit facilities to HTL on the condition that the Company, being holding company of HTL, shall give its corporate guarantee and other collateral security, in favour of the lenders. In view of this the Company may be required to give its corporate guarantee/security in favour of lenders of HTL, in one or more tranches, on case to case to basis.

Accordingly, considering the nature of business of your Company and the relevance of the continuous transactions in the business operations, the Company shall be required to enter into various transaction(s)/ contract(s)/ agreement(s)/ arrangement(s) with HTL and such transactions may be material as per the provisions of Regulation 23 of the SEBI Listing Regulations.

It is hereby informed that the Company has a well-defined governance process and a policy for the related party transactions undertaken by the Company and proposed related party transactions are being undertaken in terms of approval/ recommendation of the Audit Committee and the Board at their meetings held on August 30, 2024 and September 02, 2024, respectively.

All related party transactions have been unanimously approved by the independent directors being the members of the Audit Committee and the Board after satisfying itself that the related party transactions shall be in the best interest of the Company and shall be carried out on an arm's length basis and in the ordinary course of business.

The details 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/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, **("SEBI Master Circular")**, are set forth herein below:

S. No.	Particulars	Description
1.	Name of the related party and its relationship with the listed entity or its subsidiary, including the nature of its concern or interest (financial or otherwise).	HTL Limited, a material subsidiary of the Company. 74% shares of HTL are held by the Company and 26% shares are held by the Government of India.
2.	Type, material terms and particulars of the proposed transaction.	Purchase/sale of goods or materials, availing/rendering of services like consulting, advisory, turnkey, infrastructure, job work, taking/giving any property on lease/ license including machineries etc., subscription of securities, providing of securities/ giving of corporate guarantees, granting of Inter Corporate Deposits (ICDs), interest on ICDs/ business advances. **Material terms and particulars of the proposed transactions:** The pricing for the sale/purchase of goods & materials and availing or rendering of services will be based on market rates. Price may vary +/- ~5.0% – 7.5% on prevailing market prices, on account of the following factors: • Cost of Raw Materials; • Currency Exchange Fluctuations; • Overheads; • Margins etc; • Demand of goods, materials, services etc; • Availability of goods, materials, services etc. The Company will make investments by way of subscription, in securities/debt instruments and provide guarantees/securities to/on behalf of HTL for its business purposes as per applicable laws. The Company will give ICDs from time to time to HTL for its business purposes as per applicable laws. Further, the interest on ICDs/business advances will be charged in compliance with the provisions of section 186 of the Companies Act, 2013.
3.	Period/tenure of the proposed transaction.	The tenure of the transaction shall be from April 01, 2025 to March 31, 2027.
4.	Value of the transaction.	1. The Company estimates that the monetary value for the sale of various products/ goods and allied transactions in a financial year shall be up to ₹ 720 crores. 2. The Company estimates that the monetary value for the purchase of various products/goods and allied transactions in a financial year shall be up to ₹ 900 crores. 3. The Company estimates that the monetary value for availing/rendering of services like consulting, advisory, turnkey, infrastructure, job work, taking/giving any property on lease/license including machineries and allied transactions in relation to its business in a financial year shall be up to ₹ 30 crores. 4. The Company estimates that subscription of securities/debt instruments during the tenure of proposed transactions shall be up to ₹ 24.50 crores.

S. No.	Particulars	Description
		5. The Company estimates that the monetary value of loans, etc. for which corporate guarantees and/or securities may be provided in a financial year shall be up to ₹ 1000 crores. 6. The Company estimates that the monetary value of inter corporate deposits to be given during the tenure of proposed transaction shall be up to ₹ 60 crores. 7. The Company estimates that the monetary value for interest on ICDs/ business advances in a financial year shall be up to ₹ 20 crores.
5.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (Basis Financial Year 2024)	1. The Company estimates that the monetary value for the sale of various products/ goods and allied transactions for the financial year 2025-26 and 2026-27 represents 16.13% of the annual consolidated turnover of the Company for the financial year 2023-24. 2. The Company estimates that the monetary value for the purchase of various products/goods and allied transactions for the financial year 2025-26 and 2026-27 represents 20.16% of the annual consolidated turnover of the Company for the financial year 2023-24. 3. The Company estimates that the monetary value for availing or rendering of services like consulting, advisory, turnkey, infrastructure, job work, taking/giving any property on lease/license including machineries and allied transactions in relation to business for the financial year 2025-26 and 2026-27 represents 0.67% of the annual consolidated turnover of the Company for the financial year 2023-24. 4. The Company estimates that subscription of securities/debt instruments for the financial year 2025-26 and 2026-27 represent 0.55% of the annual consolidated turnover of the Company for the financial year 2023-24. 5. The Company estimates that the value of loans, etc. for which corporate guarantees and/ or securities may be provided in the financial year 2025-26 and 2026-27 represents 22.40% of the annual consolidated turnover of the Company for the financial year 2023-24. 6. The Company estimates that the monetary value of inter corporate deposits to be given in the financial year 2025-26 and 2026-27 represents 1.34% of the annual consolidated turnover of the Company for the financial year 2023-24. 7. The Company estimates that the monetary value for interest on ICDs/ business advances for the financial year 2025-26 and 2026-27 represents 0.45% of annual consolidated turnover of the Company for the financial year 2023-24.
6.	RPT involving a subsidiary, percentage represented by the value of the proposed transaction calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided (Basis FY24)	1. The Company estimates that the monetary value for the sale of various products/ goods and allied transactions for the financial year 2025-26 and 2026-27 represents 85.28% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 2. The Company estimates that the monetary value for the purchase of various products/goods and allied transactions for the financial year 2025-26 and 2026-27 represents 106.60% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 3. The Company estimates that the monetary value for availing or rendering of services like consulting, advisory, turnkey, infrastructure, job work, taking/ giving any property on lease/license including machineries and allied transactions in relation to business for the financial year 2025-26 and 2026-27 represents 3.55% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 4. The Company estimates that the subscription of securities/debt instruments for the financial year 2025-26 and 2026-27 represents 2.90% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 5. The Company estimates that monetary value of loans, etc. for which corporate guarantees and/or securities may be provided for the financial year 2025-26 and 2026-27 represents 118.44% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 6. The Company estimates that the monetary value of inter corporate deposits to be given in the financial year 2025-26 and 2026-27 represents 7.11% of the annual standalone turnover of the Subsidiary for the financial year 2023-24. 7. The Company estimates that the monetary value for interest on ICDs/ business advances for the financial year 2025-26 and 2026-27 represents 2.37% of the annual standalone turnover of the Subsidiary for the financial year 2023-24.

S. No.	Particulars	Description
7.	Details of the transaction relating to any loans, inter-corporate deposits ("ICD"), advances, or investments made or given by the listed entity or its subsidiary: (i) details of the source of funds in connection with the proposed transaction (ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments, (a) nature of indebtedness; (b) cost of funds; and (c) tenure; (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and (iv) the purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT.	The Company will give unsecured inter-corporate deposits from its internal accruals, from time to time to HTL, for its working capital requirements, repayable within five years, as per applicable laws. The Company had extended ICDs/business advances aggregating to ₹ 24.50 crores in the past also from time to time from its internal accruals to support business activities of the Subsidiary. The ICDs/business advances provided to the Subsidiary were utilised for its own business operations and the interest on ICDs/business advances will be charged in compliance with the provisions of section 186 of the Companies Act, 2013. Furthermore, the Company may now convert, not exceeding ₹ 24.50 crores, the existing ICDs/business advances provided to the Subsidiary, in securities/debt instruments.
8.	Justification as to why the RPT is in the interest of the listed entity.	As the Company and HTL are in similar line of business, the Company carries transactions with HTL on a continuous basis. The arrangements will ensure the stability of supplies in terms of quality and logistics within the group. Further, aforesaid transactions at competitive prices will result in the overall growth of the Group/Holding Company.
9.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.	N.A.
10.	Any valuation or other external report relied upon by the listed entity in relation to the transactions.	The valuation for transactions pertaining to the conversion of ICDs/business advances, will be made as per the applicable laws.
11.	Any other information that may be relevant.	-

No related party shall vote to approve this resolution whether such related party is a party to the particular transaction or not.

Mr. Mahendra Nahata, Managing Director of the Company is Chairman and also a Non-Executive Director on the Board of HTL. Dr. (Mr.) Ranjeet Mal Kastia, Non-Executive Director of the Company is also a Non-Executive Director on the Board of HTL. Dr. (Ms.) Tamali Sengupta, an Independent Director of the Company is also an independent director of HTL Limited.

Save as above, none of the other Directors, Key Managerial Personnel of the Company, or any of their relatives, are concerned or interested in the above resolution, except to the extent of their shareholdings and directorships in the Company, if any.

Your Board recommends the Ordinary Resolution set out at Item no. 9 of the Notice for approval of the Members.

Registered Office:

8, Electronics Complex
Chambaghat
Solan-173213 (H. P.)

Place: New Delhi
Date: September 02, 2024

By Order of the Board

(Manoj Baid)
President & Company Secretary
Membership No: FCS 5834

Notes

Notes

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. Bharat Pal Singh
Independent Director

Mr. Surendra Singh Sirohi
Independent Director
(ceased to be a director w.e.f. 27.08.2024)

Dr. (Ms.) Tamali Sengupta
Independent Director

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
ICICI Bank Limited
KEB Hana Bank
Axis Finance Limited

Registered Office

8, Electronics Complex
Chambaghat
Solan - 173 213
Himachal Pradesh

Optical Fiber Cable Plant

L 35-37, Industrial Area
Phase – II
Verna Electronics City
Salcete, Goa - 403 722

Optical Fiber and Optical Fiber Cable Plant

Plot No. S-9, e-City, FAB City
Ravirayala Village
Maheshwaram Mandal
Rangareddy District
Hyderabad - 501 359
Telangana

Corporate Office, Secretarial Department & Investor Relation Cell

8, Commercial Complex
Masjid Moth
Greater Kailash - II
New Delhi - 110 048
Ph: 011- 35209400 / 9500

Registrar & Share Transfer Agent (RTA)

MCS Share Transfer Agent Limited

F-65, 1st Floor
Okhla Industrial Area, Phase-I
New Delhi-110 020
Ph: 011 - 41406149 - 52

Corporate Identity Number

L64200HP1987PLC007466

HFCL LIMITED

Registered Office:
8, Electronics Complex
Chambaghat, Solan – 173 213
Himachal Pradesh

CORPORATE OFFICE:

8, Commercial Complex
Masjid Moth
Greater Kailash – II
New Delhi – 110 048

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