



## HFCL Limited

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HFCL/SEC/23-24

February 21, 2024

<b>The BSE Ltd.</b> 1 <sup>st</sup> Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai - 400001 <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a> <b>Security Code No.: 500183</b>	<b>The National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor, C - 1, Block G Bandra - Kurla Complex, Bandra (E) Mumbai - 400051 <a href="mailto:cmlist@nse.co.in">cmlist@nse.co.in</a> <b>Security Code No.: HFCL</b>
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**Subject: Outcome of the meeting of the Board of Directors held on February 21, 2024 - Setting up of an Optical Fiber Cable Plant in Poland.**

**RE: Disclosures under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023**

Time of commencement: 12:30 PM

Time of conclusion: 01:35 PM

Dear Sir(s)/ Madam,

We are pleased to inform all our stakeholders that the Board of Directors of the Company, at its meeting held today, has accorded its approval to the strategic expansion into Europe with the setting up of a state-of-the-art optical fiber cable manufacturing facility in Poland.

The proposed manufacturing facility in Poland will begin with an initial capacity of 3.25 mfkms p.a. with a capital outlay up to ~INR 144 Crores. This facility is scalable up to 7 mfkms p.a.

The establishment of the manufacturing facility in Poland will be facilitated through the incorporation of a new stepdown subsidiary in Poland under HFCL B.V., a wholly-owned subsidiary of the Company in the Netherlands.

The information in terms of Regulation 30 read with Para B of Part A of Schedule III to the SEBI Listing Regulations and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 are as under:

Product	Existing Capacity/Utilization	Current Ongoing Expansion - up to	Proposed further Capacity Addition - by	Investment/ Capex
<b>Optical Fibre Cable</b>	25.00 mfkms/p.a. 50%	10.00 mfkms/p.a.	3.25 mfkms/p.a.	Up to ~INR 144 Crores

- Period within which the Capacity is to be added:** Expected to be completed by February 2025.
- Mode of financing:** Debts and internal accruals.
- Rationale:** To capitalize growing demand of optical fiber cable in Europe

**We are also enclosing herewith a Press Release in connection with the above.**

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)**

President & Company Secretary



## Press Release

### For immediate Release

#### **HFCL to Expand Presence in Europe with setting up of Optical Fiber Cable Plant in Poland to capitalize growing demand of OFC in Europe**

- HFCL to establish a cutting-edge optical fiber cable manufacturing facility in Poland, aligning with Europe's gigabit connectivity opportunities
- The plant to begin with an initial capacity of 3.25 mn fkm p.a. scalable up to 7 mn fkm p.a. to fulfill increasing OFC demand
- This expansion will enable HFCL to gain significant increase in purchases by existing and new customers
- To bolster HFCL's presence in Europe with a target to significantly increase its export revenue share in its OFC vertical revenue from 30% to 70% within the next 4-5 years

**New Delhi, February 21, 2024:** HFCL Limited (HFCL), a leading technology enterprise and integrated next-gen communications product including optical fiber cable (OFC) and solutions provider, announced its strategic expansion into Europe with the setting up of a state-of-the-art OFC manufacturing plant in Poland. This move marks a significant milestone in the Company's global expansion strategy, aimed at addressing the increasing demand for OFC in European markets such as UK, Germany, Belgium, France, Poland etc.

With an ambitious vision to capitalize on burgeoning market opportunities and fortify its position as a key player in the OFC domain, HFCL aims to ramp up share of exports in its OFC vertical revenue from the current 30% to 70% within the next 4-5 years. Europe, with its promising growth prospects, particularly stands out as a focal point for HFCL's strategic initiatives.

Europe's OFC market is projected to experience a compound annual growth rate (CAGR) of around 4.5% over the next five years with expected demand of 90 mn fkm p.a. by 2028. The FTTH council estimates around 308 million homes in the EU region to have FTTH connectivity by 2028, speeding up deployment by 3-5 years. This signals a rapid expansion of FTTH networks in these areas which will lead to increased demand of OFC.

Factors such as bandwidth limitations of traditional cable and copper networks, regulatory imperatives driving fiber deployment and escalating traffic demands further underscore the critical need for full fiber solutions. Furthermore, recent geopolitical developments and regulatory shifts like possible imposition of anti-dumping duties underline the necessity for localized manufacturing to mitigate risks and ensure



seamlessly enhanced access to target markets. HFCL's decision to establish a manufacturing footprint in Europe aligns perfectly with this imperative, safeguarding from potential regulatory shifts and enhancing competitiveness in the region. This proposed expansion will enable HFCL to enjoy a significant increase in purchases by existing customers.

Poland has become the favoured European nation, primarily due to its attractive market access to other European nations for incentive programs and cost competitiveness. The country's strong connectivity is further enhanced through its well-developed ports. The availability of specialized skills at relatively lower labour cost than other European nations further enhances its attractiveness of being a premier manufacturing destination.

HFCL's state-of-the-art manufacturing plant in Poland will begin with a capacity of 3.25 mn fkm and scalable up to 7 mn fkm, with initial capital outlay up to ~INR144 Crores, fulfilling increasing OFC demand. This strategic move will not only enhance HFCL's agility but also reduce transit times by approximately six weeks, thereby enabling increase in order fulfilment capacity. The establishment of the manufacturing facility in Poland will be facilitated through the incorporation of a new stepdown subsidiary in Poland under HFCL B.V., a wholly-owned subsidiary of the Company in the Netherlands.

Mr. Mahendra Nahata, Managing Director, HFCL, emphasized, *"Our decision to set up a manufacturing unit in Poland underscores our commitment to meeting the evolving needs of our customers. With Europe expected to remain a key market for optical fiber cable led communication, our foray into Poland not only ensures unfettered access to this growing European market but also helps improve the agility and responsiveness in catering to increasing optical fiber cable demands of our customers. With this strategic expansion, we are poised to align with Europe's vision, which anticipates gigabit connectivity as a cornerstone of its future. Our commitment to Europe's digital future is based on the unique approach of superior quality, customised solutions and innovative solutions in fastest turnaround time."*

The establishment of HFCL's OFC manufacturing plant in Poland marks a significant milestone in the Company's journey toward global leadership in telecommunication solutions. Harnessing its technological expertise, operational efficiency and strategic foresight, HFCL is set to not only create employment opportunities but also spur industrial advancement in Poland.

HFCL including its subsidiary HTL Limited has three cutting-edge manufacturing plants in India with a 25 mn fkm p.a. capacity, manufacturing the highest quality OFC for customers across the world. With this facility, HFCL is on a journey to expanding their international market reach, while continuing to offer the same level of high quality to their European customers.



## About HFCL

HFCL is a leading technology company specializing in creating digital networks for telcos, enterprises, and governments. Over the years, HFCL has emerged as a trusted partner offering sustainable high-tech solutions with a commitment to providing the latest technology products to its customers. HFCL's strong R&D expertise coupled with its global system integration services and decades of experience in fiber optics enable it to deliver innovative digital network solutions required for the most advanced networks.

The Company's in-house R&D Centres located at Gurgaon & Bengaluru along with invested R&D houses and other R&D collaborators at different locations in India and abroad, innovate a futuristic range of technology products and solutions. HFCL has developed capabilities to provide premium quality Optical Fiber and Optical Fiber Cables, state-of-the-art telecom products including 5G Radio Access Network (RAN) products, 5G Transport Products, Wi-Fi Systems (Wi-Fi 6, Wi-Fi 7), Unlicensed Band Radios, Switches, Routers and Defence electronics products.

The Company has state-of-the-art Optical Fiber and Optical Fiber Cable manufacturing plants in Hyderabad, an Optical Fiber Cable manufacturing plant in Goa and in its subsidiary HTL Limited in Chennai.

HFCL is a partner of choice for its customers across India, Europe, Asia Pacific, the Middle East, Africa, and the USA. HFCL's commitment to quality and environmental sustainability inspires it to innovate solutions for the ever-evolving customer needs.

**Visit [www.hfcl.com](http://www.hfcl.com) for more information.**

For further details, please contact:

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