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HFCL/SEC/26-27

May 08, 2026

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RE: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Subject: Transcript of Conference Call on the Audited Financial Results of the Company for the 4th Quarter and Financial Year ended March 31, 2026, of the Financial Year 2026-27.

Dear Sir(s)/ Madam,

This is further to our earlier announcement dated April 30, 2026.

In terms of Regulation 30 read with Para A of Part A of Schedule III to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit Transcript of the Conference Call held on April 30, 2026, on the Audited Financial Results of the Company for the 4th Quarter and Financial Year ended March 31, 2026, which were considered and approved by the Board of Directors of the Company, at its meeting held on April 30, 2026.

The aforesaid Transcript will also be available on the Company's website at <https://www.hfcl.com/>.

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

Thanking you.

Yours faithfully,
For **HFCL Limited**

(Manoj Baid)
President & Company Secretary

Encl: Copy of Transcript.



“HFCL Limited
Q4 FY26 Earnings Conference Call”
April 30, 2026



MANAGEMENT: **MR. MAHENDRA NAHATA – PROMOTER AND
MANAGING DIRECTOR**
MR. VIJAY RAJ JAIN – CHIEF FINANCIAL OFFICER
MR. MANOJ BAID – COMPANY SECRETARY
MR. AMIT AGARWAL – HEAD, INVESTOR RELATIONS

MODERATOR: **MR. ABHISHEK JAIN – ARIHANT CAPITAL MARKETS
LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to the HFCL Limited Q4 FY26 Earnings Conference Call, hosted by Arihant Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Abhishek Jain from Arihant Capital Markets Limited. Thank you and over to you, sir.

Abhishek Jain:

Thank you, from the management side, we have Mr. Mahendra Nahata, Promoter and Managing Director; Mr. V.R. Jain, CFO; Mr. Manoj Baid, Company Secretary and Mr. Amit Agarwal, Head Investor Relations.

Before we begin, I would like also to read the disclaimer statement. Statements made during this call may be forward-looking in nature, based on management current beliefs and expectations. This must be viewed in relation to the risk of HFCL business basis that could cause its future results, performance, or achievements to differ significantly from what is expressed or implied by such forward-looking statement. Investors are, therefore, requested to check the information independently before making any investment decision.

So without making further delay, I'll hand over the call to the management for the opening remarks. Over to you, sir.

Mahendra Nahata:

Thank you, Abhishek, and good evening, everyone, I extend a warm welcome to all of you on HFCL's earnings call for the fourth quarter and financial year ended 31st March, 2026.

I trust you have had the opportunity to review our financial results, press release, and investor presentation, which are available on our website and the stock exchanges.

This quarter and financial year mark a defining milestone for HFCL, as we delivered a never-before quarterly as well as annual performance, reflecting the strength of our strategy, improved business mix, and consistent execution across our core segments. I am pleased to share that we have successfully achieved the commitment of 20% revenue growth along with expansion in margins, underscoring the structural transformation we have undertaken over the past few years.

This performance is broad-based, supported by strong demand across optical fibre cable, telecom, defence, EPC and exports. As we move into the new financial year, backed by a robust all time high order book of Rs.21,200 crore, favourable industry tailwinds, and our continued focus on high-value products and global markets, we remain confident of sustaining this growth momentum and delivering a similar trajectory in the coming periods.

I would also like to highlight that HFCL has remained largely insulated from the current disruptions due to geopolitical situations. Our supply chain has continued to operate seamlessly without any material impact on production or dispatches.

At the same time, we have taken strategic step towards further strengthening our manufacturing resilience with backward integration by establishment of Preform manufacturing facility. The project involves an estimated capital outlay of around ₹580 crore, which will be funded through a balanced mix of internal accruals, debt, and equity. The facility will be state of art based on latest technologies.

This initiative is not merely about backward integration; it is about strengthening HFCL's structural competitiveness. Preform will act as a key margin expansion lever and a long-term competitive advantage for HFCL.

The global optical fibre market is undergoing a structural transformation, driven by hyperscale data centres, artificial intelligence workloads, and cloud infrastructure expansion. This is adding an estimated 100 to 150 million fibre kilometres of incremental demand globally, over and above traditional telecom sector requirements.

More importantly, this demand is concentrated in high fibre count, low-latency, and high-performance solutions, where supply remains constrained. As a result, we are witnessing a significant improvement in realisations for such type of cables. Our average realisations have improved significantly, and we expect this to be progressively reflected in our margins over the coming quarters.

We remain confident that this favourable pricing environment will sustain over the medium to long term. Currently, the demand momentum is being led by hyperscalers in the United States, which we expect to be followed by Europe and Asia including India, indicating a multi-year growth cycle ahead.

HFCL has strategically positioned itself to capture this opportunity through its advanced product portfolio, including high fibre count cables of up to 6,912 fibres. I am proud to inform you that these high technology cables have been designed and developed by our in-house R&D team. In addition, we are seeing strong traction in our data centre interconnect solutions, including pre-connectorised systems, which are becoming increasingly critical for high-density AI infrastructure deployments. We have decided to increase, on a multi-fold basis, our manufacturing capacities for data centre interconnect solutions in our subsidiary, HTL Limited. Data centre interconnect solutions are expected to contribute significantly to our performance going forward. It is expected that data centre interconnect solutions will contribute about Rs.400 crore additional revenue in FY26-27 and about Rs.800 crore in FY27-28.

During the period, we secured a landmark long-term global optical fiber cable supply contract valued at approximately USD 1.1 billion, equivalent to Rs. 10159 crore providing strong multi-year revenue visibility. This is probably the highest ever single contract secured by any Indian telecom company. Other multiple export and domestic orders being continuously received by us reflect sustained OFC demand traction across markets.

The Company's order book stands at Rs.21,200 crore including export order worth Rs. 12,250 crore constituting 58% of total order book. This sound order book provides strong sustainability and growth momentum in company's revenue and profitability.

Exports continue to be a key pillar of our strategy. We are witnessing a steady increase in the share of OFC export orders and revenues, driven by growing acceptance of our products in global markets. Our strategy is clearly focused on diversifying geographies, reducing dependence on any single market or customer, and building a resilient and globally competitive business model.

Our focused export strategy has delivered strong results during the year. Today, more than 70% of our cable production is being exported. Consequently, our export revenues have increased to 41.36% in FY26, compared to 12.23% in FY25, underscoring the growing contribution of global markets to our overall business.

Over the last few years, HFCL has been steadily building strong capabilities in the defence sector. We have already indigenously developed and commercialised several land-based defence products, including Thermal Weapon Sights, Electronic Fuzes, high-capacity Radio Relay systems and multiple variants of Surveillance Radars. In addition, a few more defence products such as Multimode Hand Grenade, Compact Trans-horizon Communication System are currently in the pipeline.

Building on this foundation, and in line with our long-term growth strategy, the Board of Directors, at its meeting held on March 25, 2026, approved a major strategic initiative to expand and further strengthen our defence business, while also enabling HFCL to meaningfully participate in opportunities emerging in the defence aerospace segment.

The core objective of this proposed transaction is to create a focused and scalable and future ready defence and aerospace platform by consolidating complementary defence capabilities under our subsidiary, HFCL Advance Systems Private Limited.

Strategically, this allows HFCL to operate across both land defence and aerospace defence domains, creating a comprehensive and integrated portfolio. The aerospace business being acquired operates in a high-entry-barrier segment, characterised by stringent qualification requirements, high precision, long approval cycles and a limited global supplier ecosystem. Importantly, this business comes with established capability base, certifications, long-standing customer relationships and a confirmed export-oriented order book of approximately INR 1,930 crore, providing immediate revenue visibility.

We believe that the proposed structure will sharpen execution focus, improve capital efficiency and drive sustainable growth from defence vertical.

The definitive agreements for these proposed transactions are expected to be executed on or before May 31, 2026, and the closing under such transactional documents is expected to be completed within the current calendar year.

We are also progressing with the expansion of our defence manufacturing capabilities, including the establishment of an ammunition-focused facility in Andhra Pradesh. This facility is proposed to support a range of ammunition products such as electronic fuzes, multi-mode hand grenades, and 155 mm artillery shells. Once operational, it is expected to make a significant contribution to the Company's overall performance.

Besides, we have also established capabilities in critical areas such as wire harnesses for defence sectors, and we have been recognised by Hindustan Aeronautics Limited with the "Best Supplier Award." In addition, our technology collaborations, including technology transfers from DRDO, enable us to manufacture several products domestically that were earlier imported.

Our defence order book currently stands at approximately ₹300 crore, comprising orders across thermal weapon sights, radar systems, tactical communication cables, and wire harnesses for critical platforms. With the addition of the aerospace business being acquired, this expands to approximately ₹2230 crore, including a strong export-oriented order book of around ₹1,930 crore.

We see defence sector as our strong pillar of growth in coming years. Products for land system and as well as aerospace segments coupled with strong export base are expected to result in significant growth in our revenue in coming years.

In our telecom and networking products segment, we continue to invest in innovation and product development aligned with emerging opportunities in 5G, private networks, and enterprise connectivity. This segment is expected to scale up progressively and contribute meaningfully to our overall growth.

We are pleased to share that we are firmly on track to expand our Optical Fibre and Optical Fibre Cable manufacturing capacities. Our current Optical Fibre capacity of 28 mn fkm is expected to increase to 33.9 mn fkm by December 2026. In parallel, our Optical Fibre Capital capacity, which has been scaling up in phases and currently stands at 34 mn fkm, is expected to reach 39 fkm by July 2026 and to reach 42.36 mn fkm by December 2026. In our EPC business, including projects such as BharatNet, execution continues to progress in a disciplined manner. As execution accelerates, we expect this segment to contribute more meaningfully, while maintaining a sharp focus on working capital efficiency and capital discipline.

We had articulated a clear set of strategic priorities to expand our global export footprint, rebalance our customer mix towards private sector clients, and increase the share of product-led revenues over EPC with margin expansion. I am pleased to share that we have delivered decisively on each of these fronts. Our export revenues increased from 4.54% in FY21 to 41.36% in FY26, reflecting a meaningful expansion of our global footprint. At the same time, our government order book exposure reduced from 51% in FY21 to ₹37% in FY26, with a corresponding increase in private sector participation, improving the overall composition and resilience of our business. Further, the share of product revenues in our mix rose from 27% in FY21 to 62% in FY26, underscoring our successful transition towards a more margin-accretive, product-led model. Together, these outcomes mark a significant transformation in

our business model, positioning us on a stronger, more sustainable, and growth-oriented trajectory.

We are also witnessing gradual improvement in working capital cycles, supported by better execution discipline and a more favourable business mix.

We also remain committed to our ESG priorities. During the period, HFCL received ESG ratings from multiple independent agencies and published its first Sustainability Report, reinforcing our commitment to responsible and sustainable growth.

Importantly, during the period, the Board has approved a preferential issuance of warrants to the promoters, aggregating to approximately ₹555 crore, subject to necessary approvals. This reflects the promoters' continued confidence in the Company's long-term growth strategy and their commitment to supporting the next phase of expansion, including preform integration, defence scaling, and augment long-term working capital resources.

Let me now quickly take you through the consolidated financial performance for FY26 and Q4FY26:

For the twelve months ended 31st March 2026, the Company reported consolidated revenue of ₹4949.27 Crores as against ₹4064.52 Crores in FY 2025, EBIDTA of ₹826.75 Crores as against ₹506.75 Crores in FY 2025, Profit before Tax of ₹427.68 Crores as against ₹216.59 Crores in FY 2025 and Profit after tax of ₹329.44 Crores as against ₹173.26 Crores in FY 2025. Revenue for Q4FY26 stood at Rs.1824.12 crore as compared to Rs. 1210.79 crore in Q3 FY26 and Rs. 800.72 crore in Q4 FY25.

EBITDA for Q4FY26 stood at Rs. 336.93 crore as compared to Rs. 243.52 crore in Q3 FY26 and Rs. -22.33 crore in Q4 FY25; EBITDA margin in Q4FY26 stood at 18.47% as compared to 20.11% in Q3FY26 and -2.79% for Q4 FY25.

Profit After Tax for Q4FY26 stood at INR 184.45 crore as compared to INR 102.37 crore in Q3 FY26 and INR -83.30 crore in Q4 FY25; PAT margin in Q4FY26 stood at 10.11% as compared to 8.45% in Q3FY26 and -10.40% in Q4 FY25.

Segment revenue from telecom products stood at 66% of total revenue in Q4 FY26 as compared to 57% in Q3FY26 and 74% in Q4 FY24.

As we look ahead, we believe that HFCL is entering a structurally stronger and very predictable growth phase.

We are not only experiencing a substantial expansion in our order book, but also a meaningful uplift in its business composition, reflected in a higher share of exports, long-term contracts, and a greater contribution from high-margin products.

At the same time, our strategic initiatives including backward integration into preform, expansion in defence sector, increasing global footprint, and focus on product-led growth are creating a powerful foundation for sustained margin expansion and return improvement.

HFCL today is transitioning into a fundamentally stronger business enterprise one that is more global, more technology-driven, more diversified, and structurally more profitable.

Thank you. We will now open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Aman Saifee from Stallion Asset. Please go ahead.

Aman Saifee: Thank you so much for the opportunity and congrats on a great set of numbers. Sir, I have two questions. Number one, if I look at the current trajectory, we are already having a \$1.1 billion of orders from a hyperscaler and along with a defense execution of INR600 crores lined up for next year. When I triangulate this number from the existing base of INR5,000 crores, it appears that our overall revenue could scale up to INR8,000 crores next year.

With our segment margins already at 30%, is it fair to assume that our profit next year can be north of INR800 crores, INR900 crores, even after factoring a INR100 crores annual loss from project business?

Mahendra Nahata: Aman, I would not like to give such a guidance at this point of time. But I can definitely say that over and above the revenue we have achieved in last financial year, we should definitely be able to scale it up by 20% to 25% at least. And well, with the increase in capacity of fiber, fiber-optic cable, defense products, there is a good possibility that we would have a good increase in the numbers. But yes, I think 20% to 25% is not something which we cannot reach to, in best of my expectation. Rest, I would not like to give guidance at this moment of time.

Aman Saifee: Yes. But sir, our telecom product PBT margin should continue -- even inch up higher with the defense execution and improved margin mix?

Mahendra Nahata: Well, we believe that 3% to 4% increase in margin on a blended basis, on an overall basis is quite expected, 3% to 4% increase.

Aman Saifee: Got it, sir. And sir, second question would be, we have constituted a strategic restructuring committee, which we believe is a very positive step. So are we demerging our project business? And if so, what is the indicative timeline for that?

Mahendra Nahata: Aman, we have constituted the committee. Committee will be working and making a decision what to merge, what to demerge. But we have done so to really every business has completely significantly different capabilities and ability of execution required. Defense requires different capability, different set of people. EPC needs a different set of people, and fiber business needs a different set of people. And in some cases, we receive offer from strategic partners also to partner with us.

Now, any strategic partner cannot come into such a mix of products where defense, EPC and cable and telecom all are mixed up. So it is a good idea to consider that how this can be rationalized. And with that objective, we have considered this committee. As and when any decision is taken to merge/demerge any business, we'll definitely come back to you.

- Aman Saifee:** Got it. Got it. And sir, just one last question, if I may. Has our \$1.1 billion of orders has started to execute from this quarter itself?
- Mahendra Nahata:** No, this is going to start from Q2. No, no, sorry, end of Q1. I'm sorry, end of Q1.
- Aman Saifee:** End of Q1. Got it.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Yes. Sir, just a clarification first. When you said 3% to 4% increase in EBITDA margin, that you're talking about FY27, right?
- Mahendra Nahata:** Yes, yes, you're right. This is expected. I'm not committing to anything. But as per the current order book, prices, raw material prices, I expect this. But tomorrow, in this geopolitical world, something else happens, you don't know, which -- morning, evening, who says what, we do not know. But that is my current expectation, based on current raw material prices and current order book, where the customer prices are known.
- Deepak Poddar:** Understood. And in terms of defense and data center, I think this year, you are expecting INR500 crores to INR600 crores revenue from defense, and data center, around INR400 crores. So can you throw some more light on the margin profile of this segment?
- Mahendra Nahata:** Look, this data center business are 2 types. One is cable, which is not included in this INR400 crores, which I mentioned. That is completely separate. Cable is different. This is the interconnect solutions, INR400 crores. It may even be higher than INR400 crores, but let's say minimum INR400 crores. In reality, it may be much higher. But I'm taking a conservative number of INR400 crores to INR500.
- Margin profile, as I said, blended margin profile is 20%, wherein this could be a little bit higher than others because these are going on in small batches. And with a more value-added, this could be a little bit higher. But yes, blended margin would -- instead of 16%, 17%, we have, it would increase by 3% to 4%, as expected, because of these kind of products coming in.
- In defense, INR600 crores, again, the margin because these are very high-value, high-precision products and mostly coming out of our proposed execution, margin could be a little bit higher, a couple of percentage higher than current rate of margins or expected rate of margins. It can be a couple of percentage higher.
- Deepak Poddar:** So, about 20% to 25% margin in defense?
- Mahendra Nahata:** Something like that.
- Deepak Poddar:** Okay. Okay. Understood. And on your backward integration, we are spending around INR580 crores, right? So what sort of advantage we'll get in terms of your increase in margins, or what sort of the backward integration that we are doing, so by when it is coming on stream as well? Yes.

Mahendra Nahata: Look, our current requirement of preform is 1,000 tons per year. Now, we are setting up this facility only about 300 tons. Now, this is just to have some sort of a control on preform availability. If preform availability goes down, then our overall production will go down, fiber production, cable production. So we want some additional control that, yes, we have adequate availability of our raw material, preform. That is why this facility is being set up. Currently 300 tons, but we have a possibility we might scale up to 500 tons in stage 2, not now. After 300 tons is successful, we might take it up to 500 tons.

Then, second point is that, of course, it is going to be cheaper. If we do a make-versus-buy analysis, we did a lot. We did a lot of make-versus-buy analysis. And it reduces the cost roughly between 15% to 20% of preform.

Deepak Poddar: 15% to 20%. And by when it is coming?

Mahendra Nahata: Well, it will take at least 2 years.

Deepak Poddar: At least two years. Okay. And just one last thing, if I can squeeze. This INR21,000 crores order book that we have, what would be the average execution timeline?

Mahendra Nahata: Look, these are divided in two parts. Order book is divided in two parts. One is that products which are to be delivered, and second is AMC contracts. So the products which are to be delivered is about INR18,000 crores, and AMC contracts are roughly about INR3,500 crores. INR18,000 crores is to be delivered, depending upon contract to contract, within this year to about five years, depending upon -- and this INR3,500 crores O&M contracts are 6- to 7-year time period.

Now, INR18,000 crores of orders is in hand we have, but we keep on receiving regular orders. And next 5 years, I don't know how many thousands of crores of orders will be further received. So that's why I said, we have a very sustainable growth with this kind of an order book, more orders in pipeline. When I talk right now, thousands of crores or more orders are in pipeline. Some of them, we are in a quandary whether we should accept or not because of the capacity constraint. So there is a very sustainable order book we have at this point of time.

Moderator: Thank you. The next question is from the line of Rahil Dasani from MAPL. Please go ahead.

Rahil Dasani: First of all, congrats on a strong set of numbers. Starting with the capacity part, of our total IBR capacity post expansion, which I believe is 19 million FKM, how much turnover can be achieved from this particular 19 million and optimum utilization?

Mahendra Nahata: Look, Mr. Dasani, it's very difficult for me to break down the capacity of IBR and all that. And that is information which is a little bit commercially confidential to share. But one thing I can say, 100% of that capacity will be achieved whatever that capacity is. We are, in fact, expanding that capacity. Two new machines are already under installation. A few more new machines, we have already ordered, which would be installed within this calendar year. Capacity will further expand, and it is 100% utilized.

- Rahil Dasani:** Got it. And can we also use the facility of machines that we have for our telecom optical fiber and convert that to IBR? Does that work? Or that's not possible?
- Mahendra Nahata:** It can be done both ways. Some modification in machines are required from telecom IBR, which is telecom there's no IBR in telecom. This is a flat ribbon. Telecom can also use IBR. They don't use normally. But they use -- IBR is intermittently bonded ribbon. Flat ribbon is a different kind of ribbon. So, a flat ribbon machine can be converted into IBR with some modification, and vice versa also, you can do it. But why would you do it vice versa? Because IBR machines are much costlier. You would do from flat to IBR, not IBR to flat.
- Rahil Dasani:** Got it. Clear. Sir, coming on to our EPC business...
- Moderator:** Sorry for interrupting, Mr. Rahil.
- Rahil Dasani:** Yes, can I just ask my second question?
- Mahendra Nahata:** Yes, go ahead.
- Rahil Dasani:** Yes. Just on our EPC business, our EPC business has turned a bit loss-making in the last few quarters. So if you can share why has that happened suddenly and how will that change? And the second part to this question is, even with our EPC business dropping, our unbilled revenues have been increasing a lot year-on-year, from INR300 crores to INR600 crores, and now may be even higher. So why is that happening, especially since all our OFC customers are now primarily global MNCs, and our EPC business has been dropping.
- Mahendra Nahata:** I think it's a mix of two things. Global OFC customers and EPC are completely different. EPC business loss was majorly due to this Army's network which we constructed, and it was undergoing warranty period where we were incurring cost, but nothing was received from the customer. Now, AMC contract is shortly to be signed with Army. Once we start AMC, that would be nullified totally. Moreover, now we have started executing BharatNet kind of EPC project, where there is profitability. As the billing starts, profitability will keep on coming.
- For your second question of unbilled revenue, my CFO would answer that.
- Vijay Raj Jain:** So, see, it is not increasing totally in EPC contract. Part of it I mean, significant part of it is because of this OFC supply, and because of some compliances pending. It cannot be, I mean, we could not raise the tax invoice at the year-end. So those invoices are getting raised in April-May, and that will convert into a significant part will get converted into formal revenue.
- And we'll set off against those unbilled revenue, which we have booked in last financial year. And EPC also, significant part will get converted into taxable revenue during the course of this financial year. So you will see a significant change at the end of this current financial year.
- Rahil Dasani:** Got it. So next year, EPC business should be profitable for us?
- Mahendra Nahata:** Yes, because...
- Vijay Raj Jain:** May be second, third, fourth quarter from this financial year.

Mahendra Nahata: Second quarter, because we expect this AMC contract with Army would be signed, and a sizable expense is coming in that contract because of warranty, which are known, nothing new. So, that will get converted into AMC. And once it is AMC, then you will find it about INR170 crores or so AMC being received every year. So, that would nullify this loss. And with the EPC contracts of BharatNet being profitable, it would current year, we should be profitable.

Moderator: Thank you. The next question is from the line of Saurabh Jain from Sunidhi. Please go ahead.

Saurabh Jain: Congratulations for the great set of numbers. I have two questions. First, you mentioned to the previous participant that capacities are kind of fungible between telco and IBR, so is there any possibility in future for another such mega deal, following the new capacities that are going to come up by the end of this calendar year?

Mahendra Nahata: Your voice is echoing too much. I really can't understand what you said. You will have to probably take the speaker a little bit away from you and then speak.

Saurabh Jain: Okay. Sir, since you mentioned that capacities are kind of fungible between telco and IBR, so is there any possibility in future for another such mega deal, especially we have new capacities coming up by the end of this year?

Mahendra Nahata: Look, fungible not in 2 ways. Fungible technically, yes. But IBR machines are very costly machines. You would not like them to be used for telecom ribbon kind of an application because those machines are less costly machines. So you would like to have those machines separate than the IBR cable machines. So you can convert -- it's not fungible. You have to have additional equipment put into that telecom kind of ribbon equipment machine. That won't convert into IBR machine.

Now, downscaling an IBR machine to flat ribbon is not something which you would like to do. That is converting a bigger machine into a smaller machine. That is not economically viable. So, one would not do that. So we are expanding the capacity of IBR. But as far as such mega deal is possible or not, right now, we don't even have the capacity to really go for such a mega deal at this point of time because we can do that.

We can do that. But we don't want to lose the opportunity of taking spot orders also because spot orders are sometimes more profitable. So we don't want to presell 100% of our capacity. We want to keep some capacity in hand to be able to give it to our regular customers who buy regularly from us, may be in small quantities, and also to take advantage of spot market, where you get higher profitability.

So why would I book the total capacity of mine when there is a huge demand and there are opportunities of spot pricing, spot deals, which are more profitable? We have done a couple of deals like this in recent past.

Saurabh Jain: Absolutely. Sir, that brings me to my second question. Since you mentioned that, of course, you would like to keep capacities for spot orders also, so sir, January to March, we kept on hearing sharp jump in fiber prices, both standard fiber, and of course, this high-frequency, high-fiber cables also. So just wanted to understand 2 things here. How is the momentum right

now? Is there any cooling-off happened we saw recently? And how it is going to how do you expect prices to play out in probably next 2, 3 quarters?

And secondly, we heard that \$23, \$24 were the price prevailing prices for high-fiber, high-frequency cables. But there were some articles that were talking about prices going to \$30 also in April to June quarter internationally.

Mahendra Nahata: So I'll tell you, the prices have gone up for certain type of applications where they are ready to pay any price, which is mostly for application in drones, military drones, which is happening in Russia, Ukraine and all those areas. So, that is additional demand of roughly about 50 million to 100 million kilometers has come in. But we are not supplying to those kind of war kind of requirement.

We are not at all supplying, not even a meter we have supplied. So, that is one area, where even our suppliers of preform don't want us to go in for. So we are not supplying in that area. So I hope that demand is there. It is going to continue but may not increase further. And there is the bulk consumer side, data centers, telecom operators, there is a level to which it is economical for them to keep on buying fiber-optic cable.

So I think, right now, in my personal opinion, the prices have reached to their almost the final level. There may be a few percentage increase may be there, but there will not be any further increase in the prices in my personal opinion. That's my personal opinion, but opinions may go wrong. I've been thinking of this since last 1 month, but it keeps on going up. But really, in my personal opinion, it will not go further in a major way.

Saurabh Jain: So, sir, in your PPT, you have mentioned that we are expecting kind of 25% improvement in the realization for FY27. So, that would be primarily because of the product mix, right?

Mahendra Nahata: Because of the product mix and because of the high-density cable and because this price raise has started from last 1 or 2 months. So when you take in the full year of these kind of prices, then naturally, it will go up on a year-to-year basis.

Saurabh Jain: Right. Sir, one last question. What would be the capex...

Moderator: Sorry to interrupt, Mr. Saurabh.

Saurabh Jain: Just a small question. capex number for FY27 and FY28, that's it. That's all from my side.

Mahendra Nahata: Yes. total capex for FY26 would be roughly about the current FY27 could be roughly about INR600 crores, part of which has already been incurred, in fact, which includes for fiber, for optical fiber cable, defense, part of the preform business. All put together, it would be roughly about INR600 crores.

Saurabh Jain: And sir, for FY28?

Mahendra Nahata: INR350 crores.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Thank you so much for the opportunity. Congratulations for a good set of numbers. Sir, what is the strategic reason behind the defense acquisitions? And how do you look at the defense business next three to five years? And we also formed a strategic restructuring committee for evaluating business realignment. So what is your thought process on that?

Mahendra Nahata: Look, the rationale for acquisition of defense business is very simple. This company is in aerostructure business, and we did not have aerospace aerostructure business. So this really expanded our defense business in another area from land systems to aerospace. Now, aerospace is a much more difficult business to enter in from a greenfield situation because the approvals for aerostructure is very critical.

It takes years, five to seven years to get any particular component approved for aircraft because you know how critical they are for aircraft safety and all those kind of things. So this company already had approvals, certifications and export order book of almost INR2,000 crores, export order book from large international companies. So it was very much within our realm of our ability requirement to acquire this business.

I think we are fortunate to get into this aerospace business through an existing acquisition. If we had tried ourselves, it would not have been possible for next five to seven years with an order book and with certified products and with possibility to get more orders.

Balasubramanian: What is the update on electric fuzes and what are the defense products?

Mahendra Nahata: We have tested in Balasore. Some shortcomings or requirements for upgrade have been noticed, which we have to upgrade. That upgrade is going on. In a couple of months, we will give it for testing once again with all those upgrades done.

Moderator: Thank you. The next question is from the line of Tanmay from 360. Please go ahead.

Tanmay: Congratulations on great set of numbers.

Mahendra Nahata: Tanmay, we can't hear.

Tanmay: Can you hear me now?

Mahendra Nahata: Yes.

Tanmay: Can you comment on the capacity utilization of the optical fibers, the preform prices and the end product optical fiber prices?

Mahendra Nahata: Look, as far as capacity utilization of fiber-optic optical fiber is concerned, it is 100%. We are trying to increase the production by doing various optimal innovative things that if it can increase by even 5%, 10%, that would also mean additional profitability, but that is not always possible. But it is 100% utilization. We are trying to make it 110%. So, that is one. As far as

the preform prices are concerned, I don't have any idea what kind of preform prices are existing today.

So we are not really buying from open market. We have already contracted prices. I don't think preform are being sold in open market in that quantity because all preform producers are producing their own fibers. I don't have much idea. But probably for D fiber, preform price could be today \$140, \$150 per kg. This is my rough estimate because there is no such prices I have heard in recent past.

As far as the fiber cable price is concerned, it's very difficult. Cables are a different construction, different fiber kind, different density of fiber. So I really can't put a finger on how much is the per fiber price because earlier when I used to say price per fiber kilometer, a single type of cable was there. Loose tube cables were there, armored or unarmored. Now, there are 100 different kind of fiber-optic cables. You can't really say that this is the price of per kilometer of fiber. It could be INR1,000. It could be INR2,000. It's very difficult to put a finger in that way. And putting an average would be very wrong.

Tanmay: Okay. And in defense, for FY27, can you tell us what percent of the revenue will come from defense?

Mahendra Nahata: In which year you are talking, in the current financial year?

Tanmay: Yes, FY27.

Mahendra Nahata: FY27, I think about 10%, 10% to 12%.

Tanmay: And which product specifically?

Mahendra Nahata: It would be aerospace.

Tanmay: In defense...

Mahendra Nahata: Largely aerospace and the land systems.

Tanmay: Okay. Got it. And do we see margin increases coming from the first quarter itself? Or will it be towards the quarter -- third and fourth quarter?

Mahendra Nahata: I think it would start from the first quarter itself. That is what we expect. Again, no guidance, please, expectation. This is the expectation that it should start from this quarter itself because we know the sale prices mostly of the customers, and we know the raw material prices also. Now, if something catastrophic happens in the world, which is none of our control, we can't say anything, but this is our -- best of our expectation.

Tanmay: Are we keen on demerging the defense business soon?

Mahendra Nahata: Well, I can't say demerging. We are currently trying to consolidate it under one roof, which is HFCL Advance Systems. But a restructuring committee has been formed precisely to look into such aspects, whether it is efficient to demerge the businesses into the specialized areas so that

some strategic tie-up or even if that kind of thing is required, can be done. So really, like, this restructuring committee, which has been formed today itself, do the study and come out with its recommendations.

Moderator:

Thank you. The next question is from the line of Rishubh from Indsec. Please go ahead.

Rishubh:

Congratulations on a good set of results. So sir, I'm basically looking at the next three to five years for HFCL. So when we look at that kind of a vision, so what are the kind of growth rates, and the margin improvement trajectory, which we can envisage? What will be the optimum level of margins which we can achieve in the medium term? And to support this, what will be the key focus areas to drive this thing?

Any target mix if you can help us with which will be helpful because we have various dimensions to our like export versus domestic and product versus services. We have already done a lot of improvement in terms of product mix, export mix. So is there any more firepower left where we can actually see things moving? And what will be the key risks during this period of next 3 to 5 years?

Mahendra Nahata:

Yes. Rishubh, in one question, you have asked 10 questions. So as I said earlier, revenue growth in this particular year, I can say, around 20%, 25%, something like that. Again, no guidance. This is just an expectation on the base of current run rate I'm talking about, we can expect. And as against the current run rate of the way the margins are accruing, we can expect some 3% to 4% expansion in the margin also. That is the way the things are at this point of time, unless something unknown happens.

As far as three to five years' revenue expectation, our aspiration is to reach to INR10,000 crores. Aspiration is to reach to INR10,000 crores. First, aspiration of INR5,000 crores, which this year, we have reached INR4,900 crores something, which is, anyway, INR5,000 crores. I hope we would have done some billing we would have done on 1st or 2nd April, we could have possibly tried to dispatch it quicker on 31st March, so INR5,000 crores number would have been there, but anyway, nevertheless. So aspiration is to reach to INR10,000 crores.

And risk factors, I don't see any risk factor as such, except some geopolitical events, which is out of our control. Otherwise, I don't see any risk factor at this point of time because data center revenue is going to grow up because every day, you hear billions of dollars of data centers being announced all across the globe. Even in India, you hear \$1 billion this company, another \$1 billion that company. It's happening on a daily basis. So I don't feel that there would be any major risk. Data centers are being announced. So, cable will be sold, connectivity solutions would be sold.

Now, geopolitical environment has turned this way in the world in recent past. Every country is going to increase the defense expenditure. So with defense expenditure increasing, our defense business becomes more secured, export and indigenous requirement also, because there is Aatmanirbharta kind of a mantra in our country or every country, increasing its defense expenditure. So defense business is also quite on a progress path.

Similarly, EPC business with BharatNet and all that happening in the next 3 to 4 years, it is quite secured. So I don't find any major risk involved in implementing these businesses, except any unknown political, geopolitical thing happening. Somebody closes Suez Canal tomorrow or somebody closes Panama Canal and something like that happening, somebody dropping a big bomb somewhere that get going haywire, that's not in my control. But otherwise, nothing big unforeseen is seen at this point of time.

Rishubh: And sir, what will be the optimum margins which we can see? Because we are currently at around 16%-odd. We're targeting something around 20% by next year. May or may not achieve that is another thing. But the point what I'm trying to make is that, is the margin trajectory -- like, can we aspire to have something like 25% in the next 5 years or something like that?

Mahendra Nahata: I don't...

Rishubh: Is that a possibility?

Mahendra Nahata: No, I don't say that at this moment of time. I'm just saying that, in this year, there is a possibility of 3% to 4% increase in the margin. Year next, very difficult to say. Every year, you cannot have 3% to 4% increase. That is impossible. Nobody can do it. The current year, I see there is a possibility of 3% to 4% increase.

Moderator: Thank you. The next question is from the line of Satya, an individual investor. Please go ahead.

Satya: Congratulations on a great set of numbers. Sir, I had a question on the defense products that we've been talking about, any other progress on the radar side? And on the electronic fuzes side also, we had semi-approval of sorts. Any commercialization of that, and on the BMP upgrade as well? So if you can give some color on those products?

Mahendra Nahata: No, I don't give any color. I will give you plain white truth. Color, I don't want to give. So, on BMP, we just received a letter yesterday that by 26th June, they want us to submit our upgraded sample for evaluation. So we would be doing that. We have already put our -- BMP that's given to us, we have already sent it to Babina, the firing range in Uttar Pradesh near Jhansi, which is Army firing range for armored vehicles. It's already sent there. 26th June, it would be submitted to Army for evaluation. We are 1 of the 5 shortlisted parties, of course.

Fuze, as I said, it underwent trial in Balasore in DRDO range. Some upgradation is required in a couple of kind of fuzes, which is currently being done. And in another couple of months' time, it will be resubmitted for evaluation because DRDO wanted us to do some upgrades as per Army's requirement, which we are doing at this point of time.

In other defense products, yes, as I said, we are going for ammunition business. And I am happy to inform you -- and that is what is the current information, and I'm informing you on that basis. The ammunition factory which we are going to set up in Andhra Pradesh, where, as I said, earlier, 1,000-acre land has been allotted to us.

So Honorable Defense Minister, Rajnath Ji, and Andhra Chief Minister, Sri. Chandrababu Naidu, will be laying foundation stone for our factory and another factory for another company on this 15th of May, foundation stone will be laid down for these two factories, and we will start construction for ammunition factory, so -- for which, the first product is going to be Multi Mode Hand Grenade, which is a technology from DRDO.

Technology transfer has happened. DRDO has already tried this in the lab called TBRL or something of government. They have already tried the samples. It has been found successful. Ageing certificate, which is required that this would not -- this will last for three years, at least. That has also been done. So we are now, in my opinion, qualified for participating in tenders, and I expect a very, very large tender to come up in another 1 month or 1.5 months' time, where we will be participating.

There are only 3 licensees at the moment, 2 private companies, including us, and 1 government company, MIL, Munition India Limited. And 2 out of 3 will get the order of this large tender. So let us see we are first, second or third. We don't know at this point of time. But yes, we are going to bid. And this is going to be our first product in this new factory, which we would put up after Honorable Sri. Rajnath Ji and Sri. Chandrababu Naidu lays the foundation stone on the 15th May of this year.

Satya:

Great. Congratulations. Sir, second question is on the telecom products side. How is the traction over there? And we haven't spoken much about it, but what are we expecting in the next couple of years?

Mahendra Nahata:

I'll tell you, telecom is a very peculiar product business. It's a very peculiar segment. Sometimes what happens, a new technology comes, then the demand all of a sudden goes up. 4G came, suddenly in India, for example, demand of INR1 lakh crores, INR2 lakh crores, something like that. Then, for some years, 4G expansion happens, and then it becomes a stable network. Only wherever there is holes or where there are more subscribers required filling the gaps are done, the demand is low.

Then comes 5G, and the demand comes up again, huge demand comes up again. Then 5G is spread out all over the country and optimum level of rollout happens, then the demand stabilizes and only filling the gap demand happens. That's the situation right now with 5G. So now, big spurt of demand will come when the 6G comes around 2029, I would say. A lot of work is going on.

We are also working. So right now, the demand is kind of a demand just to filling the gaps kind of a thing. So, not a very big demand is there, either in India or anywhere else in the world. So big spurt in demand is expected in this sector in another 2 to 3 years' time frame, 3 years' time frame. But by that time, data center demand will compensate or more than compensate lower demand of telecom sector, which is a normal cycle in telecom.

Satya:

So this quarter, how much did we do in the telecom products side?

Mahendra Nahata:

Telecom, I don't have a separate number. Including fiber-optic cable, we did INR1,200 crores. Just a second, about INR150 crores.



- Moderator:** Thank you. The next question is from the line of Ajinkya Jadhav from KRIIS Portfolio (PMS). Please go ahead.
- Ajinkya Jadhav:** Thanks for the opportunity. My question is regarding the 1,000-acre defense plant that we are putting in Andhra State. So like, this is a very big plant. So how much in total capex that we will be spending here, and year-wise, how it will be distributed and how it will be funded?
- Mahendra Nahata:** Look, we've still not planned. The foundation will be laid on 15th May. We are in the process of preparing a DPR and all that, depending upon which products in the initial stage. But if we do just a Multi Mode Hand Grenade kind of a product, which we are looking at, I think total capex would not as I said, total capex of this year is INR600 crores, out of which budgeted about INR125 crores for this facility, including land and building. And next 2 years would be another INR250 crores.
- Ajinkya Jadhav:** Got it. And it will be like self-funded or like we have to take the debt or some partnership with other player to...
- Mahendra Nahata:** There's no plan of any partnership at this point of time because partnership -- equity partnership cannot be done when you are a mix of a telecom, defense and fiber-optic. That's why this restructuring committee. But it would be a mixture of internal accrual, debt and equity.
- Ajinkya Jadhav:** Got it. And my last question is, like in the defense, do we want to be a subsystem player or system player? Like, what will be the sequence of our products to be commercialized like, say, thermal imaging and electronic fuze? So how will be the -- how we want to play it ourselves?
- Mahendra Nahata:** What do you mean by system and subsystem?
- Ajinkya Jadhav:** Like the final parts that we will be supplying to the defense platforms.
- Mahendra Nahata:** We are supplying final parts only. Thermal imaging side, for example, is a full system. The radio we are supplying is a full system. Radar we will be supplying the full system by itself. Of course, it can also be integrated with the larger system also. It can function as a system. It can be part of an integrated system also. It can work in both ways. So, some thermal weapon sight is a system by itself, but it has to work with a rifle. So I'm not -- but still it's a system. So everything can be system or a subsystem.
- Ajinkya Jadhav:** In terms of like electronic fuze, if you see if you are manufacturing only the fuze, then the artillery shell, and then, so that I was thinking of.
- Mahendra Nahata:** Yes, the fuze by itself is a system because it's an independent equipment. But again, fuze by itself is not an armament by itself. It has to be fitted into a shell. I mean, for shell -- if I do shell, not fuze, again, I'm not in the full system. So everything can be system or subsystem both.
- Moderator:** Thank you. The next question is from the line of Smith Gala from RSPN Ventures. Please go ahead.

- Smith Gala:** Congratulations on a great set of numbers. My first question is a bit of -- germanium, which is our key raw material for our fiber business, is there a near-term worry around it regarding its supply?
- Mahendra Nahata:** No, no. Germanium is not a raw material for myself for a fiber business. It is raw material for preform. So if somebody who manufacture preform for him, germanium, tetrachloride is an issue and in shortage. But our suppliers of preform have not raised any such issue and that germanium, tetrachloride is creating a trouble for them. We have not heard anything from them like that. And we are receiving our supply of preform as per their commitment.
- Smith Gala:** Okay. And our margins for this quarter specifically dropped a bit. Was there something to do with the ongoing crisis and the war compared to the last quarter? I'm talking about sequential margins.
- Mahendra Nahata:** Blended margin. Like for cable, it would have gone up. Because of EPC, particularly that Army contract where we are incurring expenses and not getting revenue, which would probably start from this quarter or maybe in the worst case, the next quarter, this has shown a little bit decrease, but that's very minor. And this quarter, we believe that the margin will go up.
- Moderator:** Thank you. The next question is from the line of Tejas Patel from Niveshaay. Please go ahead.
- Tejas Patel:** Thank you so much for the opportunity and congrats for the results. Sir, since you said I think we are operating at full utilization since last quarter, is it right to assume the incremental growth coming from the telecom business, apart from a little improvement in volumes, is all led by price, right?
- Mahendra Nahata:** Well, it is all led by price, but continuous increase in capacity. While we talk, capacity increasing, 2 new machines are getting installed. By the time we do the next call, there will be another couple of machines getting installed. So it is going on for both reasons, volume increase because of new capacity expansion taking place and also the price increase. Both are contributing to it.
- Moderator:** Thank you. The next question is from the line of Deepesh Sancheti from Maanya Finance. Please go ahead.
- Deepesh Sancheti:** I just wanted to understand what was the realization of OFCs in this quarter, average realization?
- Mahendra Nahata:** Average realization, I think I answered this question earlier also.
- Deepesh Sancheti:** You mentioned that there are different, different types of OFCs, that's why it's a bit difficult, it can...
- Mahendra Nahata:** Very difficult to say because there are OFCs of 7,000 fibers per cable and there is the OFC of 1 fiber per cable or 2 fibers per cable. How do I give you average realization? It is very difficult.

- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Sir, just one small clarification. In terms our revenue growth, we are kind of staying around 20%, 25% growth. But with the data center, you're expecting around INR500 crores. And even if I see our Q4 revenue, that was also around INR1,800 crores. So are we kind of being conservative in our revenue guidance because even if I annualize our Q4 revenue, we can maybe book higher revenue for the full year, sir. So is it possible we can overperform our guidance by -- like we can do 30%, 35% revenue?
- Mahendra Nahata:** There weren't any guidance, see...
- Darshil Jhaveri:** Yes, yes, expectations. Sorry sir, expectations sir? Can we overcome the expectations?
- Mahendra Nahata:** No, no. It's just my estimation. First of all, that must be very clear, number one. Number two, when I say 20%, 25%, I said on the year-to-year basis, not quarter-to-quarter basis. On year-to-year basis, I expect 20% to 25% increase in the revenue. So this year, we had roughly about INR5,000 crores. So 20% could mean somewhere INR6,000 crores, 25% could mean INR6,250 crores.
- So when I give a number, of course, I try to be on a conservative side. It would be good that if we can overperform. So conservatively, you should take 20%. But yes, there is a good possibility of it becoming better. But conservatively, you can estimate 20%, 25%, based on today's market condition.
- Moderator:** Thank you. The next question is from the line of Gautam Rajesh from Leo Capital. Please go ahead.
- Gautam Rajesh:** So I wanted to know what was the AIDC-linked IBR cable revenue as a percentage of optical fiber segment revenue in FY26, Q4 FY26? And what is your outlook for it in FY27?
- Mahendra Nahata:** Well, I have not got the number of this IBR and that would be a little bit of a commercially confidential information also to share revenue breakup in that way. But yes, it contributed a major part of revenue of fiber optic cable. That much I can tell you. It contributed a major part.
- Gautam Rajesh:** So would major be plus 50%?
- Mahendra Nahata:** You can say that. And what was your second question?
- Gautam Rajesh:** What is your outlook for this percentage to increase? To how much can this go up in the mix?
- Mahendra Nahata:** Well, it all depends upon kind of customers and all that. But I think it will still constitute a major part.
- Gautam Rajesh:** Okay. So you ideally want -- expect to maintain the plus 50% mix in your overall optical fiber cable revenue?
- Mahendra Nahata:** Yes, more than 50%, sure.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Mahendra Nahata: Kapoor, sir why did you come in so late? I have been waiting for you.

Saket Kapoor: Thank you for the opportunity. Just to harp on the point that when we look at our margins for telecom product for this quarter, they are on a revenue of INR900 crores, we have done INR360 crores. That is a 40% PBT number. For the year as a whole, INR2,930 crores, INR765 crores, that translates into 26%, 27%.

Mahendra Nahata: Let me note down what you are saying and look at my numbers. Yes, which number you are talking about?

Saket Kapoor: Sir, I'm talking about, firstly, this quarter, we posted revenue under the telecom product category at INR901 crores and profitability at INR361 crores. That translates into a margin, PBT margin of 40%. When we look at our annual number, the telecom product category posted revenue of INR2,931 crores and profitability of INR764 crores.

That is a 26% PBT margin. So once we club the turnkey business losses, the margins -- EBITDA margins are lower to the tune of 16%, 17%. Now for next year you show a 3% to 4% increase, so, if you could give us some color, for this year, we have some exceptional telecom margin products of 26%, 27%, and this will go down or your incremental of 3% to 4%, how will that play out in the category, sir?

Mahendra Nahata: There are 2 factors. One, the telecom product margins are expected to continue and may be with some improvement may be there. Second, this turnkey losses will go down, because as I said multiple times in this call that NFS has been a warranty period where we don't receive any money causes a lot of drainage in revenue, which will cease from current financial year, may be Q2 and then that loss will be evened out.

That will result in increase on blended mix of profitability. And some percentage is improved, expected to improve in the telecom also because on a -- what you see is an increase which happened more from the Q3 and Q4 of the last year. Q1 and Q2 was not that great. So this year, from Q1, it has started. If this continues in the same manner, there will be some margin improvement in the products also on an overall blended average basis and reduction in the loss of this turnkey, EPC. So all put together, I expect 3% to 4% increase.

Saket Kapoor: Correct on that front. So this 40% is one-off for this quarter for the telecom product.

Mahendra Nahata: Say that again, please?

Saket Kapoor: The 40% that we posted for this quarter at INR360 crores profitability in the telecom product on a revenue of INR900 crores. This 40% is a one-off that we have exhibited because of some product mix only?

- Vijay Raj Jain:** No, no, Kapoor sir, you just have a look at the consolidated number, which is INR1,206 crores from telecom products, where the margins are 31.75% during this quarter. We have to evaluate it from the consolidated.
- Saket Kapoor:** Yes, sir. So 31% also, Jain, sir, 31% will hold good for the going quarters also?
- Vijay Raj Jain:** No. See, it depends on the product mix. We are having -- this telecom product also have some telecom product, optic fiber cable, a couple of other products also. So generally, yes. Generally, yes.
- Mahendra Nahata:** Generally, yes, it will hold good for the current quarter also. Generally, yes.
- Saket Kapoor:** If anything else, I'll take offline with Amit ji and thank you once again for the elaborate discussion and hope for sustained set of -- improved set of numbers going ahead also. All the best to the team. Thank you.
- Moderator:** Thank you. The next question is from the line of Raj Vyas from Bonanza Portfolio. Please go ahead.
- Raj Vyas:** Just wanted clarity with respect to the optical fiber, you said that you are running at 100% capacity utilization, right? And you have close to INR13,483 crores order book. So are we still taking fresh orders as well because my assumption is that if you are already running at 100% capacity and we have this kind of order book. So if you have new orders coming in, so are they coming into the backlog or what is the time line? Just wanted clarity on that.
- Mahendra Nahata:** New orders, as I said, 100% capacity utilization is there when we are supplying orders which the existing orders. We have not booked our entire capacity. We have left some capacity out for our regular customers and spot orders. So if I sell my 100% of capacity, I cannot take advantage of spot prices, which are, at this point of time, kind of a market are better than the long-term prices. So we need to take advantage of that also.
- And number two, there are some companies, which are my customers, which are 10 years, 15 years. They give orders in small batches. I can't forget them, that is, this time I will not supply you. So we supply to them also, and we have reserved some quantity vacant for them also, but mostly for the spot orders. So we are taking new orders, why not? We are taking new orders, but we are very hesitant to take large new orders because unless we expand our capacity, which is happening right now, we will be very hesitant to take large new orders. But we have new orders -- INR200 crores, INR500 crores, those kinds of orders we are taking.
- Moderator:** Thank you. The next question is from the line of Pragyam Laddha from Omni Securities. Please go ahead.
- Pragyam Laddha:** Congratulations for a good set of numbers. Sir, we are seeing that preform prices are also continuously rising. Given a 20%, 25% increase in the preform prices, what compression would you see on your EBITDA margin or, say, net margin?

- Mahendra Nahata:** As I said, preform price, we have long-term contracts. So for me, I don't know what is the increase in preform prices, I have no idea. But yes, preform prices may rise. And my future, when the long-term contract finishes, I don't think I will get it at the current price. But with the preform price rising, the price of cable will also rise. It's not only preform. everything happens in tandem.
- Pragyam Laddha:** Would we be able to pass the increase in full?
- Mahendra Nahata:** Full, yes. I think, yes, no doubt.
- Moderator:** Thank you. The next question is from the line of Tanmay from 360. Please go ahead.
- Tanmay:** I just want to know because the prices of helium and polymers both have been increasing sharply, what percentage of our cost of goods is from both of these things? And do we see disruption coming in because of that?
- Mahendra Nahata:** There's no disruption, but I think total cost of helium and polymers, all put together in our final product of cable should be around 20%. There's no disruption.
- Tanmay:** But considering we sell in long-term contracts, the cost of acquiring these goods must have increased by a lot, pushing our margins down or that's not a problem right now?
- Mahendra Nahata:** The prices have also gone up.
- Tanmay:** Okay. So even for the long-term contracts, you were able to adjust the prices for contracts that were signed before the price hike?
- Mahendra Nahata:** Look, price hike for polymer and helium has taken place in, let's say, last 1 month or so. Some contracts we've signed earlier, some have been signed later. Later, the margins may be much higher than the earlier ones. So as a mix, what you see is the margin is there. I can't calculate by contract to contract. That's why I say spot contracts, the margins are much higher. The contracts which were signed before this price hike, maybe margin goes down by 1% or 2%. But these are long 5-year contracts. So, 5-year contract, the prices may again come down.
- Moderator:** Thank you. The next question is from the line of Naitik Mohata from Sequent Investment. Please go ahead.
- Naitik Mohata:** First of all, congratulations on a great set of numbers. Sir, my question is on the OFC front. So if you could throw some light on the realization for optical fiber cable. I think so in last call, we had mentioned that our blended realization is around INR1,055 per FKM. How would that have panned out in quarter 4? And what does it look like going forward?
- Mahendra Nahata:** Look, it has gone up, definitely. But again, as I said 3 times on this call, sir, I cannot put a number now because in the last few months, the type of cable has changed so much with hyperscalers and all that buying cable from 800 fiber to 7,000 fiber and telcos buying 2 fiber to 288 fiber and different kind of constructions. So I can't put a number to a per fiber cable, fiber kilometer price. That's not possible now.

So, constructions are different, technology is different, density is different. So it's very difficult to put a number to per fiber kilometer price. But yes, it has definitely gone up, yes.

Naitik Mohata: Right, sir. Understood. But -- so it would be fair to say like the prices would have moved at least by 15% to 20% for us in quarter 4?

Mahendra Nahata: More than that.

Naitik Mohata: More than that. Okay, sir. And my second question, sir, so we have I think we have repeatedly mentioned that we have a long-term contract for the preform that we acquire. So given your guidance of almost 20% EBITDA margins next year in this segment, does it also account for the increased price of this preform? And then, what is the nature of our contracts? Like do we do it for 6 months for annually? Or how are they repriced from the customer?

Mahendra Nahata: I had answered that question that it is 6 months very commercially confidential, but it has taken into account any increase in the prices, of course.

Naitik Mohata: Okay. Lastly, sir, the receivable number on our balance sheet like almost more than INR2,000 crores of receivables. So could you give a split how much of these receivables is from the EPC segment? And how much of the receivables are more than 6 months?

Mahendra Nahata: I don't have this detail as immediately available. But if you can send the question to me in writing, I can answer this. Right now, immediately, I don't have that breakup available with me.

Moderator: Thank you.

Mahendra Nahata: So I think this is enough. We have taken up all the questions. And now any further questions that can be sent to our Company Secretary or Investor Relations team, who will reply to them immediately to you, please send them in writing.

And I thank all of you who have participated in this call today and spared so much time to be with us. And I honestly thank you all very much, and I can assure you that the Company is on solid foundation, doing well. It has got a very diversified product range, all of which have excellent demand opportunities. Some have higher profitability, some have lower profitability because all the products cannot have the highest or the lowest profitability.

There is a mix always. But with a very robust order book, which includes largely from optical fiber cable, which has got a better profitability today and the demand trajectory, which you can see in data centers and all, which is going around the world and with this kind of long-term contracts with a reasonable profitability and also the defense sectors ramping up with the acquisition, giving us opportunity into aerospace sector, that will also increase revenue.

Data center interconnectivity business, which will increase our revenue significantly this year and next year. We have a very robust performance in front of us. And as I said, we expect that this year, again, we should be able to have a 20%, 25% increase in revenue and looks like that we can have a 3% to 4% increase in our profit margins also predominantly because of, one,



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better realization from products; and second, our turnkey losses getting away because of this NFS contract getting converted to AMC contract very soon.

Thank you very much, gentlemen, and I really appreciate your participation. And any questions you have, any further questions, please address us directly on our e-mail, and you will be immediately given answer. Thank you very much.

Moderator:

Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.