



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

Regd. Office : 8, Electronics Complex, Chambaghat, Solan-173213 (Himachal Pradesh)

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2011

(Rs. in Lacs)

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lacs)

Sl. No.	Particulars	Financial Year for Six Months Ended 31st March	Financial Year for Eighteen Months Ended 30th September	Consolidated Results for the Six Months Ended 31st March	Consolidated Results for the Eighteen Months Ended 30th September
		2011	2010	2011	2010
		(Audited)	(Audited)	(Audited)	(Audited)
1	Net Turnover/Income from Operations	8,641.47	31,143.21	8,647.24	51,497.12
2	Expenditure				
	a) (Increase)/Decrease in stock in trade	69.03	1,020.02	69.03	1,081.15
	b) Cost of Raw Material/services	2,479.47	15,661.99	2,454.00	16,141.70
	c) Provision for Non moving inventories	389.75	990.42	389.75	1,228.41
	d) Purchase of Traded goods	3,996.09	7,011.95	3,996.09	7,011.95
	e) Staff Cost	877.11	2,715.40	1,781.89	9,538.50
	f) Administrative and other Overheads	1,265.74	4,089.33	1,449.83	8,055.05
	g) Depreciation/Impairment and Amortisation	9,075.21	3,903.28	9,097.46	13,568.70
	h) Bad debts, advances & Miscellaneous balances written off (net)	11,115.69	6,852.49	11,115.69	7,134.41
	i) Liquidated damages	268.87	77.81	364.34	220.69
	j) Provision for doubtful debts	-	-	-	174.15
	k) Share of results of Associates	-	-	124.97	(92.83)
	l) Goodwill on amalgamation written off	-	336.78	-	336.78
	m) Network operations expenditure	-	-	-	11,022.78
	Total	29,536.96	42,659.47	30,843.05	75,421.44
3	Profit/(Loss) from operations before other income, interest & exceptional items (1-2)	(20,895.49)	(11,516.26)	(22,195.81)	(23,924.32)
4	Other Income	1,319.76	1,635.03	1,658.69	2,091.78
5	Profit/(Loss) before interest & exceptional items (3+4)	(19,575.73)	(9,881.23)	(20,537.12)	(21,832.54)
6	Interest (net)	2,535.39	8,148.23	4,553.58	7,418.56
7	Profit/(Loss) after interest but before exceptional items (5-6)	(22,111.12)	(18,029.46)	(25,090.70)	(29,251.10)
8	Exceptional items - expenses/(income) (refer note no. 5)	(26,134.77)	(5,946.42)	(26,134.77)	(7,711.70)
9	Profit/(Loss) from ordinary activities before tax (7-8)	4,023.65	(12,083.04)	1,044.07	(21,539.40)
10	Tax expenses	2.12	15.98	2.12	9.76
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	4,021.53	(12,099.02)	1,041.95	(21,549.16)
12	Extraordinary items - expenses/(Income)	-	39,160.50	-	(58,956.91)
13	Net Profit/(Loss) for the period (11-12)	4,021.53	(51,259.52)	1,041.95	37,407.75
14	Paid-up Equity Share Capital	9,923.95	9,923.95	9,923.95	9,923.95
	Face value of Re.1/- each		Face value of Re.1/- each	Face value of Re.1/- each	Face value of Re.1/- each
15	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year	22,200.06	3,011.25	(23,313.29)	(39,522.53)
16	Earning per Share(Rs) -				
	(a) Before Extraordinary items	- Basic 0.38	(1.88)	0.08	(2.25)
		- Diluted 0.35	(1.87)	0.08	(2.25)
	(b) After Extraordinary items	- Basic 0.38	(7.61)	0.08	3.69
		- Diluted 0.35	(7.58)	0.07	3.69
17	Aggregate of public shareholding				
	-Number of shares	512,818,158	512,818,158	512,818,158	512,818,158
	-Percentage of shareholding	51.67	51.67	51.67	51.67
18	Promoters and promoter group shareholding				
	a) Pledged / encumbered : No. of shares	1,056,000	1,056,000	1,056,000	1,056,000
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.22	0.22	0.22	0.22
	Percentage of shares (as a % of the total share capital of the company)	0.11	0.11	0.11	0.11
	b) Non- encumbered : No. of shares	478,242,999	478,242,999	478,242,999	478,242,999
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	99.78	99.78	99.78	99.78
	Percentage of shares (as a % of the total share capital of the company)	48.19	48.19	48.19	48.19

Sl. No.	Particulars	Financial Year for Six Months Ended 31st March	Financial Year for Eighteen Months Ended 30th September	Consolidated Results for the Six Months Ended 31st March	Consolidated Results for the Eighteen Months Ended 30th September
		2011	2010	2011	2010
		(Audited)	(Audited)	(Audited)	(Audited)
1	Segment Revenue				
	a. Telecom Products	2,773.51	20,365.04	2,773.51	20,365.04
	b. Turnkey Contracts and Services	5,867.96	10,778.17	5,888.91	12,296.04
	c. Basic Telephony and ISP	-	-	-	19,739.16
	d. Others	-	-	-	-
	Total	8,641.47	31,143.21	8,662.42	52,400.24
	Less: Inter segment revenue	-	-	15.18	903.12
	Net Sales/Income from Operations	8,641.47	31,143.21	8,647.24	51,497.12
2	Segment Results Profit/(Loss) before tax and interest for each segment				
	a. Telecom Products	(12,678.33)	(5,000.91)	(12,678.33)	(5,000.91)
	b. Turnkey Contracts and Services	510.13	2,295.18	(326.03)	1,187.53
	c. Basic Telephony and ISP	-	-	-	(9,168.81)
	d. Others	-	-	(0.26)	(2.41)
	Total	(12,168.20)	(2,705.73)	(13,004.62)	(12,984.60)
	Less: i. Interest	2,535.39	8,148.23	4,553.58	7,418.56
	ii. Other un-allocable expenditure net off un-allocable income	(18,727.24)	1,229.08	(18,602.27)	1,136.24
	Total Profit before Tax	4,023.65	(12,083.04)	1,044.07	(21,539.40)
3	Capital Employed				
	a. Telecom Products	33,035.32	9,336.26	(14,627.55)	(35,472.26)
	b. Turnkey Contracts and Services	6,771.59	6,589.18	6,771.59	6,589.18
	c. Basic Telephony and ISP	-	-	-	-
	d. Others	-	-	31.35	31.62
	Total capital employed in segments	39,806.91	15,925.44	(7,824.61)	(28,851.46)
	Add: Un-allocable corporate assets less liabilities	367.10	5,059.76	2,485.27	7,302.89
	Total capital employed in Company	40,174.01	20,985.20	(5,339.34)	(21,548.57)

A Statement of Assets and Liabilities as at the end of 31st March, 2011

(Rs. in Lacs)

Particulars	Financial Year for Six Months Ended 31st March	Financial Year for Eighteen Months Ended 30th September	Consolidated Results for the Six Months Ended 31st March	Consolidated Results for the Eighteen Months Ended 30th September
	2011	2010	2011	2010
	(Audited)	(Audited)	(Audited)	(Audited)
SHAREHOLDERS FUNDS:				
(a) Capital	17,973.95	17,973.95	17,973.95	17,973.95
(b) Reserve and Surplus	22,200.06	3,011.24	18,480.89	3,313.59
LOAN FUNDS	63,198.33	105,537.88	87,401.34	130,511.39
TOTAL	103,372.34	126,523.07	123,856.18	151,798.93
APPLICATION OF FUNDS:				
GOODWILL	-	-	7,422.05	7,422.05
FIXED ASSETS	10,464.49	18,939.39	10,845.15	19,342.18
INVESTMENTS	103,432.32	106,460.80	98,330.46	101,298.90
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	3,481.28	3,898.40	3,560.24	3,977.39
(b) Sundry Debtors	33,299.51	42,190.88	39,083.36	48,551.54
(c) Cash and Bank Balances	7,498.98	12,167.46	8,592.58	13,353.73
(d) Other current assets	2,365.33	1,606.00	3,166.47	2,954.78
(e) Loans and Advances	13,030.91	20,681.02	10,426.38	20,142.07
	59,676.01	80,543.76	64,829.03	88,979.51
Less : Current Liabilities and Provisions				
(a) Liabilities	70,054.31	79,272.25	98,188.93	106,762.44
(b) Provisions	146.17	148.63	1,175.76	1,317.39
	(10,524.47)	1,122.88	(34,535.66)	(19,100.32)
PROFIT AND LOSS ACCOUNT				
TOTAL	103,372.34	126,523.07	123,856.18	151,798.93

Notes :

- The standalone audited results of the Company for the financial year ended 31st March, 2011 as reviewed by Audit Committee were approved by the Board of Directors at their meeting held on 30th May, 2011. The Consolidated audited results of the Company for the Financial year ended 31st March, 2011 have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 12th August, 2011.
- Pursuant to the Circular Resolution passed by the Board of Directors of the Company on 22nd April, 2010 and necessary approval of Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, the last financial year of the Company was extended by six months which ended on 30th September 2010. The Board of Directors vide its aforesaid Resolution also decided that next financial year will be of six months from 1st October, 2010 to 31st March, 2011 and subsequent financial year will end on 31st March every year. Accordingly the period of current financial year is of six months only and the year to date figures given above are for six months period ended 31st March, 2011. The figures for the corresponding previous financial year are for eighteen months and hence the same are not comparable to that extent.
- (a) Corporate Debt Restructuring (CDR) cell Empowered Group (EG) at its meeting held on 9th February, 2011 has approved the Rework package of the Company with the cut off date as 1st January, 2011 and communicated its sanction vide their letter No. BY CDR(JCP)/No 8643/2010-11 dated 29.03.2011. The Rework package includes inter alia; reduction in the existing payable rate of interest, rescheduling and longer period for repayment of loans, conversion of overdue interest into funded interest term loan (FITL), conversion of certain loans into Equity, waiver of unpaid dividend on preference shares, waiver of penal interest etc. The entire rescheduled debt is now to be repaid in phased manner by the year 2018-19.
- (b) The impact of waivers, reliefs and concessions granted under CDR Rework package have been taken into account during the financial year under review as majority of the lenders have given their consent for Rework Package to CDR Empowered Group and have also communicated their sanctions to the Company.
- The Auditor's Comments in their report on the Annual Accounts for the year 2010-11 have been addressed as under:
 - The Company has complied with most of the conditions as stipulated in rework package of CDR. Further all the lenders who have given their in principle approval for rework package to the CDR - EG, have also communicated their sanction to the Company except from one lender which is expected to be received shortly.
 - The Company has made adequate provisions for doubtful debts.
 - The Company obtains the confirmations from sundry debtors, creditors, lenders etc in ordinary course of business.
 - The Company has received necessary approval from the Central Government for the re-appointment and payment of remuneration to Wholtime Directors for the financial year 2007-08, 2008-09 and part financial year of 2009-10 for Rs.2,74,63,608/-. However, since the financial year 2007-2008, the Company has so far paid Rs. 52,771,568/- as remuneration to Wholtime Directors. As the approval of Central Government received is of lesser amount than the actual remuneration paid for the aforesaid period, the excess amount of Rs.25,307,960/- paid continues to be shown as recoverable. The Company is in the process of making representation to the Central Government for seeking their approval to the entire amount of remuneration paid to them. The Company has also filed the necessary applications with the Central Government seeking their approval for re-appointment and payment of remuneration to Whole time Director for financial year 2009-10 and onwards which is under their consideration
 - The subsidiary company (HTL Ltd.) is confident to infuse funds through sale of its land under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and also expecting further order for Telecom Towers and Integrated Fixed Wireless Terminals. In expectation of the successful outcome of the above proposals, the financial statement have been prepared on a going concern basis.
- The Exceptional items of Consolidated Results for the period ended 31st March, 2011 consist of: (i) Impact of waivers under rework package of CDR and on account of settlement of dues of some of the lenders on one time settlement (OTS) basis - Rs. 22784.47 lacs, (ii) Writes back of liabilities Rs. 3995.30 lacs and (iii) Payments made to lenders of promoted companies towards guarantee obligation - Rs. 645.0 lacs.
- The Company has entered into a joint venture agreement with a Canada based company i.e. DragonWave Inc. which is a leading manufacturer of high capacity packet microwave radio systems used for backhaul of traffic in 3G and broadband wireless networks. Accordingly a joint venture company has been formed in India which will perform local sales and marketing in India. The products are proposed to be manufactured by HFCL in its plant situated at Solan, Himachal Pradesh.
- Status of investors' complaints during the period ended 31st March, 2011:-
Pending at the beginning : Nil; Received :23; Disposed of :23; Pending at the end : Nil.
Investors Relation Contact : investor@hfcl.com
- Figures of the previous periods have been regrouped/rearranged wherever considered necessary .

By order of the Board

(Mahendra Nahata)
Managing Director

Place : New Delhi
Date : 12th August, 2011