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ISO 14001 Standard

**HIMACHAL FUTURISTIC COMMUNICATIONS LTD.**  
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HFCL/SEC/17-18/

May 10, 2017

The Secretary, The National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor Plot no. C-1, Block G, Bandra Kurla Complex, Bandra(East) MUMBAI-400 051	The Secretary, BSE Limited 27 <sup>th</sup> Floor Pphiroze Jeejeebhoy Towers, Dalal Street, MUMBAI-400 001
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Dear Sir,

**Re: Outcome of the Board Meeting held on 10<sup>th</sup> May, 2017**

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following documents for the fourth quarter and year ended 31<sup>st</sup> March, 2017 as reviewed by the Audit Committee, which have been approved by the Board of Directors of the Company at its meeting held on 10<sup>th</sup> May, 2017:

- Standalone as well as Consolidated Annual Audited Financial Results for the financial year 2016-17, along with Auditors Report thereon.
- A Declaration on Auditors' Report with Unmodified opinion for Standalone Financial Results and Statement on Impact of Audit Qualifications on Auditors' Report with Modified opinion for Consolidated Financial Results.

Arrangements have also been made to publish the Financial Results in the Newspapers.

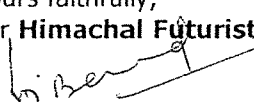
The Board of Directors of the Company at its meeting held on 10<sup>th</sup> May, 2017, has also declared second Interim Dividend of Rs.3.25 per share on 80,50,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each for the financial year 2016-17. The Board of Directors has fixed 22<sup>nd</sup> May, 2017 as the Record Date to determine the name of the Preference Shareholders eligible for interim dividend on CRPS as required under Regulation 42 of SEBI Regulations. The Interim dividend shall be paid within thirty days from the date of declaration to those Preference Shareholders, whose name shall appear in the Company's Register of Preference Shareholders as on 22<sup>nd</sup> May, 2017.

The Nomination and Remuneration Committee and the Board of Directors at its respective meetings held today has also approved the revision of remuneration payable to Shri Mahendra Nahata (DIN: 00052898) with effect from 1<sup>st</sup> April, 2017 up to his residual tenure ending on 30<sup>th</sup> September, 2018 pursuant to Section 197 read with schedule V of the Act subject to the approval of Shareholders of the Company at the ensuing Annual General Meeting of the Company.

This is for your information and record please.

Thanking you,

Yours faithfully,  
For **Himachal Futuristic Communications Limited**

  
**(Manoj Baid)**  
Vice President (Corporate) &  
Company Secretary  
Encl.: as above

**HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED**

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

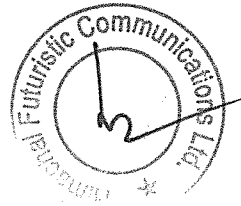
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Website: www.hfcl.com / Corporate Identity Number (CIN): L64200HP1987PLC007466

**STATEMENT OF STANDALONE & CONSOLIDATED AUDITED RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31ST MARCH 2017**

Rs. in Crore

Sl. No.	Particulars	Standalone					Consolidated			
		Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Financial Year ended	Previous Financial Year ended	Three months ended	Preceding three months ended	Financial Year ended	Previous Financial Year ended
		March 31st 2017	December 31st 2016	March 31st 2016	March 31st 2017	March 31st 2016	March 31st 2017	December 31st 2016	March 31st 2017	March 31st 2016
		Audited	Unaudited	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited
<b>I.</b>	<b>INCOME</b>									
	Revenue from Operations	774.49	441.99	861.41	2,241.44	2,858.37	832.58	460.22	2,377.56	2,872.38
	Other Income	9.17	2.25	10.78	19.41	22.35	13.28	1.50	22.93	34.78
	<b>Total Income</b>	<b>783.66</b>	<b>444.24</b>	<b>872.19</b>	<b>2,260.85</b>	<b>2,880.72</b>	<b>845.86</b>	<b>461.72</b>	<b>2,400.49</b>	<b>2,907.16</b>
<b>II.</b>	<b>EXPENSE</b>									
	a) Cost of materials/services consumed	420.42	221.99	579.60	1,231.39	1569.11	459.49	208.55	1290.94	1577.83
	b) Purchases of stock-in-trade	86.34	39.23	54.32	150.74	238.78	97.09	39.23	161.49	238.78
	c) Change in inventories of finished goods, work-in progress and stock-in trade	36.38	21.50	(31.72)	39.30	(37.71)	39.01	20.36	39.34	(43.83)
	d) Excise duty & service tax recovered	75.40	43.30	97.51	226.20	288.84	82.24	47.98	246.86	292.24
	e) Employee benefits expenses	34.27	28.57	23.97	131.74	156.16	43.87	32.56	152.49	159.45
	f) Finance costs	8.93	17.48	17.16	58.47	58.42	9.74	17.52	61.33	61.50
	g) Depreciation and Amortisation expenses	4.31	3.86	5.79	15.71	24.90	6.16	5.32	21.76	26.18
	h) Other expenses	82.66	47.52	64.91	280.41	317.27	66.48	64.63	286.37	327.30
	i) Bad debts, advances & Miscellaneous balances written off (net)	3.08	0.01	6.09	3.17	6.06	9.65	0.01	9.76	6.06
	j) Loss/(Profit) on sales of Investment (net)	-	-	(1.51)	-	(1.51)	-	-	(1.51)	(1.51)
	<b>Total Expenses</b>	<b>751.79</b>	<b>423.46</b>	<b>816.12</b>	<b>2,137.13</b>	<b>2,620.32</b>	<b>813.73</b>	<b>436.16</b>	<b>2,270.34</b>	<b>2,644.00</b>
<b>III.</b>	<b>Profit / (loss) before Share of profit/ (loss) of an associate and a joint venture, exceptional items and tax (I-II)</b>	<b>31.87</b>	<b>20.78</b>	<b>56.07</b>	<b>123.72</b>	<b>260.40</b>	<b>32.13</b>	<b>25.56</b>	<b>130.15</b>	<b>263.16</b>
<b>IV.</b>	<b>Share of profit/ (loss) of an associate and a joint venture (IV)</b>	-	-	-	-	-	(6.66)	(1.00)	(5.94)	3.14
<b>V.</b>	<b>Profit / (loss) before exceptional items and tax (III+IV)</b>	<b>31.87</b>	<b>20.78</b>	<b>56.07</b>	<b>123.72</b>	<b>260.40</b>	<b>25.47</b>	<b>24.56</b>	<b>124.21</b>	<b>266.30</b>
<b>VI.</b>	<b>Exceptional item</b>	-	-	148.47	-	109.95	-	-	-	109.95
<b>VII.</b>	<b>Profit / (Loss) before tax (V - VI)</b>	<b>31.87</b>	<b>20.78</b>	<b>(92.40)</b>	<b>123.72</b>	<b>150.45</b>	<b>25.47</b>	<b>24.56</b>	<b>124.21</b>	<b>156.35</b>
<b>VIII.</b>	<b>Tax expense</b>									
	Current Tax	4.31	4.82	(26.65)	25.05	26.90	4.80	3.68	25.54	26.91
	MAT credit Entitlement	(4.06)	(5.07)	26.65	(25.05)	(26.90)	(4.07)	(3.93)	(25.06)	(26.90)
	Deferred Tax	-	-	-	-	-	0.03	-	0.03	-
<b>IX.</b>	<b>Profit / (Loss) after tax for the period from continuing operations (VII - VIII)</b>	<b>31.62</b>	<b>21.03</b>	<b>(92.40)</b>	<b>123.72</b>	<b>150.45</b>	<b>24.71</b>	<b>24.81</b>	<b>123.70</b>	<b>156.34</b>
<b>X.</b>	<b>Profit/(loss) from discontinued operations</b>	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>Tax expense of discontinued operations</b>	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>Profit/(loss) for the period (IX-XII)</b>	<b>31.62</b>	<b>21.03</b>	<b>(92.40)</b>	<b>123.72</b>	<b>150.45</b>	<b>24.71</b>	<b>24.81</b>	<b>123.70</b>	<b>156.34</b>
<b>XIV.</b>	<b>Other Comprehensive Income</b>									
	A.i) Items that will not be reclassified to profit or loss	0.38	0.29	6.46	1.87	6.46	0.66	0.23	1.79	6.88
	B.) Items that will be reclassified to profit or loss;	-	-	-	-	-	-	-	-	-
	<b>Other comprehensive income for the year after tax (XIV)</b>	<b>0.38</b>	<b>0.29</b>	<b>1.31</b>	<b>1.87</b>	<b>6.46</b>	<b>0.66</b>	<b>0.23</b>	<b>1.79</b>	<b>6.88</b>
<b>XV.</b>	<b>Total comprehensive income for the year (XIII+ XIV)</b>	<b>32.00</b>	<b>21.32</b>	<b>(91.09)</b>	<b>125.59</b>	<b>156.91</b>	<b>25.37</b>	<b>25.04</b>	<b>125.49</b>	<b>163.22</b>
<b>XVI.</b>	<b>Profit attributable to:</b>									
	Owners of the Parent	-	-	-	-	-	24.92	23.88	122.91	155.58
	Non-controlling interests	-	-	-	-	-	(0.21)	0.95	0.79	0.76
<b>XVII.</b>	<b>Total comprehensive income for the year attributable to:</b>									
	Owners of the Parent	-	-	-	-	-	25.77	23.91	124.77	162.35
	Non-controlling interests	-	-	-	-	-	(0.26)	1.01	0.74	0.87
<b>XVIII.</b>	<b>Paid-up Equity Share Capital (Face value of Re.1/- each)</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>	<b>123.94</b>
<b>XIX.</b>	<b>Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year</b>	-	-	-	919.58	794.00	-	-	841.28	716.18
<b>XX.</b>	<b>Earnings per Share( face value of Re 1/- each) -</b>									
	(a) Before Extraordinary items - Basic	0.27	0.17	(0.76)	1.01	1.17	0.25	0.20	1.05	1.21
	- Diluted	0.27	0.17	(0.76)	1.01	1.17	0.25	0.20	1.05	1.21
	(b) After Extraordinary items - Basic	0.27	0.17	(0.76)	1.01	1.17	0.25	0.20	1.05	1.21
	- Diluted	0.27	0.17	(0.76)	1.01	1.17	0.25	0.20	1.05	1.21



## Notes :

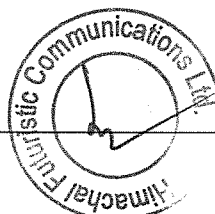
- The above Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and year ended 31st March, 2017 as reviewed by the Audit Committee were approved by the Board of Directors at their meeting held on 10th May, 2017.
- The Board of directors of the Company at its meeting held on 10th May, 2017 has declared second interim dividend of Rs.3.25 per share on 6.5% Cumulative Redeemable Preference Shares of face value of Rs.100/- each.
- The Company has adopted Indian Accounting Standards (Ind AS) from 1st April 2016 with a transition date of 1st April, 2015. The Standalone and Consolidated financial results have been prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act, 2013 read with Rule 3 of the Companies ( Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016.
- The format for audited/unaudited quarterly results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's circular dated 5th July 2016, Ind AS and Schedule III to the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- Income from operation is inclusive of excise duty & service tax recovered in accordance with Ind-AS 18 and further clarified by SEBI vide clarification dated 20th September 2016 for disclosure in financial results.
- (A) Reconciliation of Standalone & Consolidated Net Profit & equity for the corresponding quarter and year ended 31st March, 2016 as previously reported ( Prepared under the previously applicable Indian Generally Accepted Accounting Principal referred to as IGAAP) vis-à-vis Ind AS is as below:

Particulars	Standalone		Consolidated
	Rs. in Crore	Rs. in Crore	Rs. in Crore
	Quarter ended 31st March 2016	Year ended 31st March 2016	Year ended 31st March 2016
Net Profit as per IGAAP	(135.22)	119.01	126.14
Add: Restatement adjustment - prior period expenses	0.03	0.03	0.99
Adjustments:			
Impact of Dividends and related distribution tax	(0.08)	(6.38)	(6.38)
Non-current Assets measured at Fair valuation	(1.11)	(1.11)	(1.11)
Impact of reclassification of defined benefit plans	(0.36)	(5.44)	(5.86)
Impact of Non-Current Investment sold at loss	44.34	44.34	44.34
Impact of share of profit of associates	-	-	(3.28)
	(92.40)	150.45	154.84
Other Comprehensive Incomes			
Remeasurement (gain)/loss of defined benefit plans	0.35	5.44	5.86
Others	0.96	1.02	1.02
Total Comprehensive Income as per Ind AS	(91.09)	156.91	161.72

Particulars	Standalone as at 31.03.2016	Consolidated as at 31.03.2016
Total equity under previous GAAP	11,25,54,66,804	10,77,05,93,040
Add: Restatement adjustments	(2,90,433)	(99,31,538)
Fair value of structured Investment	44,34,00,000	44,34,00,000
Preference Share earlier classified under Share capital now classified as Non current financial borrowings	(80,50,00,000)	(80,50,00,000)
	10,89,35,76,371	10,39,90,61,502
Adjustments:		
Fair value of debtors assigned for more than 12 months	(1,11,45,387)	(1,11,45,387)
Share of profits of Associates	-	(26,16,82,670)
Other Non-current financial liability measured at fair value	(1,71,37,27,893)	(1,73,56,68,161)
Other Non-current financial asset measured at fair value	1,06,24,153	1,06,24,153
Total adjustment to equity	(1,71,42,49,127)	(1,99,78,72,065)
Total equity under Ind AS	9,17,93,27,244	8,40,11,89,437

- This being the first reporting year for the quarterly Consolidated results for the period ended 31st March, 2017, corresponding quarter consolidated figures of the period ended 31st March, 2016 are not applicable.
- The annual & fourth quarterly audited Consolidated results for the period ended 31st March, 2017 includes the results of the following entities:
  - Himachal Futuristic Communications Ltd. (HFCL)
  - HTL Limited ( Subsidiary)
  - Moneta Finance Pvt. Ltd. ( Subsidiary)
  - Polixel Security Systems Pvt. Ltd. (Subsidiary w.e.f. 9th August, 2016)
  - HFCL Advance Systems Pvt. Ltd. (Subsidiary)
  - HFCL Bezeq Telecom Ltd. (Associate )
  - Dragon Wave HFCL India Pvt. Ltd. ( Jointly controlled entity )
- Extract of Auditors' observations & Management Response:
  - Auditors in their Consolidated Audit Report has stated that one of the subsidiary has not made the provision for interest amounting to Rs.150.21 lakhs pending adjustment of one of the claims against the outstanding loans along with interest dues thereon. The provision for interest on certain borrowings has not been made by the subsidiary company pending the reworking of the interest on account of adjustment of one of claim of Rs 347 lakhs against the outstanding interest on certain loans, the subsidiary company has not provided for the interest amounting to Rs. 150.21 lakhs during the year. The final adjustment for interest, if any, will be done by the subsidiary company once the reconciliation is agreed upon. Though the auditor has mentioned the maximum impact of Rs.150.21 Lakhs, however the management of the subsidiary company is discussing the matter with the concerned lender for the adjustment/ reversal of excess interest, as the case may be. Hence the impact is not ascertainable at present.
- Disclosure in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the fourth quarter and year ended 31st March, 2017.
  - 80,50,000, 6.5% Cumulative Redeemable Preference Shares (CRPS) issued by the Company have been assigned the rating of 'BBB -' by the India Ratings & Research Private Limited.
  - The Company has paid declared dividend on CRPS in time. The last dividend payment was made on 14.12.2016. The next dividend due in March 2017 will be paid in May 2017 as declared by the Board of Directors at its meeting held on 10th May, 2017. The 25% of CRPS will be redeemed in the financial year 2018 and 75% will be redeemed in financial year 2019.
  - Network as on 31st March, 2017: Rs.1043.52 Crore.
  - Net Profit after Tax for the year ended 31st March, 2017: Rs.123.72 Crore.
  - Earnings Per Share (EPS) as on March 31, 2017: Basic EPS Rs.1.01 and Diluted EPS Rs.1.01.
  - Outstanding 6.5% Cumulative Redeemable Preference Shares: 80,50,000 CRPS of Rs.100/- each.
- M/s Polixel Security Systems Pvt. Ltd. a subsidiary of the Company has become wholly owned subsidiary of the Company w.e.f. 31.03.2017
- The figures of the last quarter ended 31st March, 2017 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
- The figures of the previous periods have been regrouped/ rearranged wherever considered necessary.

Place : New Delhi  
Date : 10th May, 2017



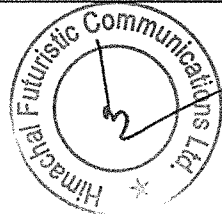
By order of the Board

(Mahendra Nahata)  
Managing Director  
DIN 00052898

## Statement of standalone Assets and Liabilities as per Schedule III of the Companies Act, 2013.

Rs in Crore

		Standalone		Consolidated	
		As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
		Audited	Audited	Audited	Audited
	<b>Assets</b>				
(1)	<b>Non-current Assets</b>				
	(a) Property, Plant and Equipment	106.15	103.90	157.58	153.66
	(b) Capital work-in-progress	1.39	0.11	1.69	0.11
	(c) Goodwill	-	-	25.44	19.22
	(d) Other Intangible assets	4.14	2.20	4.28	2.19
	(e) Intangible assets under development	-	0.55	-	0.55
	(f) Investment in associates/ joint venture accounted for using the equity method	18.64	4.49	4.19	10.13
	(g) Financial Assets				
	(i) Investments	44.43	45.22	44.52	45.31
	(ii) Others	91.52	10.52	7.40	14.81
	(h) Deferred tax assets (net)	-	-	0.07	-
	(i) Other non-current assets	0.72	0.69	1.57	0.70
	<b>Sub-total</b>	<b>266.99</b>	<b>167.68</b>	<b>246.74</b>	<b>246.68</b>
(2)	<b>Current Assets</b>				
	(a) Inventories	217.59	259.87	245.36	276.19
	(b) Financial Assets				
	(i) Investments	1.75	1.25	1.75	1.25
	(ii) Trade receivables	1,147.16	1,118.64	1,179.37	1,112.65
	(iii) Cash and cash equivalents	2.41	5.85	5.91	9.07
	(iv) Bank balances other than (iii) above	77.47	67.92	91.56	77.92
	(v) Loans	14.45	13.75	6.75	2.75
	(vi) Others - advances	264.24	287.85	257.20	217.23
	(c) Current Tax Assets (Net)	179.72	149.16	181.67	151.31
	(d) Other current assets	55.14	39.98	58.69	46.34
	<b>Sub-total</b>	<b>1,959.93</b>	<b>1,944.27</b>	<b>2,028.26</b>	<b>1,894.71</b>
	<b>Total Assets</b>	<b>2,226.92</b>	<b>2,111.95</b>	<b>2,275.00</b>	<b>2,141.39</b>
	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Equity</b>				
	(a) Equity Share capital	123.94	123.94	123.94	123.94
	(b) Other Equity	919.58	793.99	841.28	716.18
	<b>Sub-total</b>	<b>1,043.52</b>	<b>917.93</b>	<b>965.22</b>	<b>840.12</b>
(2)	<b>Liabilities</b>				
	<b>Non-current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	237.63	331.67	261.33	331.67
	(ii) Financial guarantee Obligations	0.58	0.46	0.21	0.21
	(b) Provisions	16.39	11.01	18.56	12.68
	<b>Sub-total</b>	<b>254.60</b>	<b>343.14</b>	<b>280.10</b>	<b>344.56</b>
	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	165.29	142.26	180.12	161.52
	(ii) Trade Payable	392.45	445.81	448.11	495.34
	(iii) Other financial liabilities	243.37	158.93	250.02	187.23
	(b) Other current liabilities	125.50	99.78	148.90	108.21
	(c) Provisions	2.19	4.10	2.53	4.41
	<b>Sub-total</b>	<b>928.80</b>	<b>850.88</b>	<b>1,029.68</b>	<b>956.71</b>
	<b>Total equity and liabilities</b>	<b>2,226.92</b>	<b>2,111.95</b>	<b>2,275.00</b>	<b>2,141.39</b>



# KHANDELWAL JAIN & CO.

## CHARTERED ACCOUNTANTS

BRANCH OFFICE:  
GF-8 & 9, HANS BHAWAN,  
1, BAHADUR SHAH ZAFAR MARG,  
NEW DELHI-110 002

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### INDEPENDENT AUDITORS' REPORT

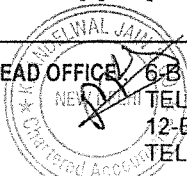
#### TO THE BOARD OF DIRECTORS HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED ("the Company") for the year ended 31<sup>st</sup> March, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

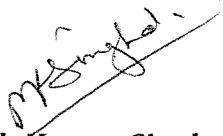
An Audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



-- 2 --

3. In our opinion and to the best of our information and according to the explanations given to us, the statement:
- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
  - (ii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net profit and Total comprehensive income and other financial information of the Company for the year ended 31<sup>st</sup> March, 2017.
4. The Statement includes the results for the Quarter ended 31<sup>st</sup> March, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**For KHANDELWAL JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No. 105049W**

  
**Manish Kumar Singhal**  
**Partner**  
**Membership No: 502570**



**Place: New Delhi**  
**Dated: 10<sup>th</sup> May, 2017**



An Environment conscious company certified to  
ISO 14001 Standard

**HIMACHAL FUTURISTIC COMMUNICATIONS LTD.**  
8, Commercial Complex, Masjid Moth,  
Greater Kailash - II, New Delhi - 110048, India  
Tel : (+91 11) 3088 2624, 3088 2626  
Fax : (+91 11) 3068 9013  
Web : [www.hfcl.com](http://www.hfcl.com)  
Email :

[secretarial@hfcl.com](mailto:secretarial@hfcl.com)

HFCL/SEC/17-18/

May 10, 2017

The Secretary, The National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor Plot no. C-1, Block G, Bandra Kurla Complex, Bandra(East) Mumbai- 400 051	The Secretary, BSE Limited 27 <sup>th</sup> Floor Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
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Dear Sir,

**Sub: Declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

In compliance with the provisions of Regulation 33(3)(d) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we hereby declare that Khandelwal Jain & Co. Chartered Accountants (Firm Registration No. 105049W), Statutory Auditors of the Company have issued an Audit Report with unmodified opinion on the Standalone Audited Financial Results of the Company for the year ended 31<sup>st</sup> March, 2017.

Kindly take the above on your records please.

Thanking you,

Yours faithfully,  
For **Himachal Futuristic Communications Limited**

**(V R Jain)**  
Chief Financial Officer

# KHANDELWAL JAIN & CO.

## CHARTERED ACCOUNTANTS

BRANCH OFFICE:  
GF-8 & 9, HANS BHAWAN,  
1, BAHADUR SHAH ZAFAR MARG,  
NEW DELHI-110 002

Tel.: 23370091, 23378795,  
23370892, 23378794  
Web.: www.kjco.net  
E-mail: delhi@kjco.net

### INDEPENDENT AUDITORS' REPORT

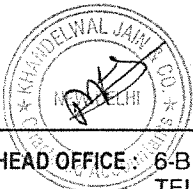
#### TO THE BOARD OF DIRECTORS HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, for the year ended 31<sup>st</sup> March, 2017 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been compiled from the related consolidated Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





-- 2 --

3. (a) We did not audit the financial statements of two subsidiaries whose financial statements information reflect total assets of Rs. 8,538,117 as at 31st March, 2017, total revenues of Rs. 30,260 and net loss after tax amounting to Rs. 398,886 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the report of the other auditors.

(b) We have relied on the unaudited financial statements of one jointly controlled entity whose financial statements reflect total assets of Rs. 151,051,606 as at 31st March, 2017, total revenues of Rs. 246,607,992 and net profit after tax amounting to Rs. 32,754,108 for the year ended on that date. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts included in respect of these associates is based solely on such unaudited financial statements.

Our opinion on the statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the unaudited financial statements certified by the Management.

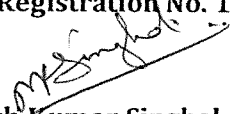
4. *In the case of the subsidiary, HTL Ltd., the Subsidiary has not made the provision of interest amounting to Rs. 15,021,120 for the year ended 31st March, 2017, pending the adjustment of ETP compensation against the interest portion of certain outstanding loans. Had the provision for the same been made, finance cost, loss for the year and liability as on 31.03.2017 would have been higher by Rs. 15,021,120 and total equity would have been lower by Rs. 15,021,120.*
5. In the case of the subsidiary, HTL Ltd., the Subsidiary has accumulated losses of Rs.1,146,937,789 as at March 31, 2017, resulting in negative net worth of Rs. 996,937,789. The Company's current liabilities exceed its current assets by Rs. 361,916,341 as of that date. Further, the Company has overdue loans from Government of India amounting to Rs.62,420,000 together with interest accrued and due thereon of Rs. 271,587,511. These factors raise doubts that the Company will not be able to continue as a going concern. The Company has set up a plant to manufacture optical fiber cables and Fiber-to-home cables. During the year, the Company has achieved Sales Turnover of Rs. 2,014,406,627 as compared to previous year Rs. 306,375,920. In view of the above, the financial statements have been prepared on a going concern basis. Our report is not qualified in respect of this matter.
6. In our opinion and to the best of our information and according to the explanations given to us, *subject to paragraph 4 above* and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries referred to in paragraph 3 above, the statement:



-- 3 --

- (i) Includes the results of subsidiaries HTL Ltd., Polixel Security Systems Pvt. Ltd., Moneta Finance Pvt. Ltd. and HFCL Advance Systems Pvt. Ltd.; Associate HFCL Bezeq Telecom Ltd. and Jointly control entity Dragon Wave HFCL India Pvt. Ltd.
- (ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- (iii) *Subject to paragraph 4 above*, gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net profit, total comprehensive income and other financial information of the Group for the year ended 31<sup>st</sup> March, 2017.
7. The Statement includes the results for the Quarter ended 31<sup>st</sup> March, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**For KHANDELWAL JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No. 105049W**

  
**Manish Kumar Singhal**  
**Partner**  
**Membership No: 502570**



**Place: New Delhi**  
**Dated: 10<sup>th</sup> May, 2017**



JAS-ANZ



An Environment conscious company certified to ISO 14001 Standard

**HIMACHAL FUTURISTIC COMMUNICATIONS LTD.**

8, Commercial Complex, Masjid Moth,  
Greater Kailash - II, New Delhi - 110048, India

Tel : (+91 11) 3088 2624, 3088 2626

Fax : (+91 11) 3068 9013

Web : www.hfcl.com

Email :

**Himachal Futuristic Communications Limited**

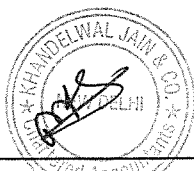
**Registered Office: 8, Electronics Complex, Chambaghat, Solan-173 213, Himachal Pradesh  
Corporate Identity Number (CIN) : L64200HP1987PLC007466**

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results- **Consolidated** for the Financial year ended 31st March, 2017


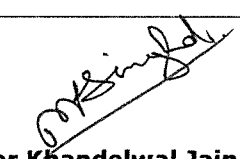

Statement on Impact of Audit Qualifications for the financial year ended 31st March, 2017  
(Regulation 33 / 52 of the SEBI (LODR) (Amendment ) Regulations, 2016)

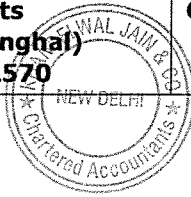
(Rs. in Crores)

I	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures ( audited figures after adjusting for qualifications)
	1	Turnover/ Total Income	2400.49	2400.49
	2	Total Expenditure	2276.27	2276.27
	3	Net Profit /(Loss)	124.22	124.22
	4	Earnings per share	1.00	1.00
	5	Total Assets	2274.76	2274.76
	6	Total Liabilities	2274.76	2274.76
	7	Net worth	964.98	964.98
II	Audit Qualification ( each audit qualification separately)			
	a. Details of Audit Qualification:			<b>As per Annexure A</b>
	b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion: <b>Qualified Opinion</b>			
	c. Frequency of qualification: Whether appeared first time/ repetitive/ since how long continuing: <b>Appearing first time.</b>			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: <b>As per Annexure A</b>			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable <b>(N.A.)</b>			
	i. Management's estimation on the impact of Audit Qualification : <b>N.A.</b>			





	ii. If management is unable to estimate the impact, reasons for the same: <b>N.A.</b>		
	iii. Auditors' comments on (i) or (ii) above: <b>N.A.</b>		
III	<b>Signatories</b>		
	 <b>(Mahendra Nahata)</b> Managing Director	 <b>For Khandelwal Jain &amp; Co. (FRN: 105049W)</b> Chartered Accountants <b>(Manish Singhal)</b> M. No. 502570	 <b>(V R Jain)</b> CFO





**Annexure A**

**HFCL Audit Qualifications on the Consolidated Financial Statements of FY 2016-17**

Sr. No	Details of Audit Qualification(s)	Management's Views
1.	Auditors in their Consolidated Audit Report has stated that one of the subsidiary has not made the provision for interest amounting to Rs.150.21 lakhs pending adjustment of one of the claims against the outstanding loans along with interest dues thereon.	<p><b>Management Response:</b></p> <p>The provision for interest on certain borrowings has not been made by the subsidiary company pending the reworking of the interest on account of adjustment of one of claim of Rs 347 lakhs against the outstanding interest on certain loans, the subsidiary company has not provided for the interest amounting to Rs. 150.21 lakhs during the year. The final adjustment for interest, if any, will be done by the subsidiary company once the reconciliation is agreed upon.</p> <p>Though the auditor has mentioned the maximum impact of Rs.150.21 Lakhs, however the management of the subsidiary company is discussing the matter with the concerned lender for the adjustment/ reversal of excess interest, as the case may be. Hence the impact is not ascertainable at present.</p>

