



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30th SEPTEMBER 2010

(Rs. in Lacs)

Sl. No.	Particulars	Financial Year for the Eighteen Months Ended 30th September	Financial Year for Twelve Months Ended 31st March	Consolidated Result for the Eighteen Months Ended 30th September	Consolidated Result for the Twelve Months Ended 31st March
		2010	2009	2010	2009
		(Audited)	(Audited)	(Audited)	(Audited)
1.	Net Turnover/Income from Operations	31,143.21	13,909.90	51,497.12	39,239.26
2.	Expenditure				
	a) (Increase)/Decrease in stock in trade	1,020.02	799.65	1,081.15	1,279.36
	b) Cost of Raw Material/services	15,661.99	6,630.48	16,141.70	9,890.56
	c) Provision for Non moving inventories	990.42	229.41	1,228.41	(274.85)
	d) Purchase of Traded goods	7,011.95	3,442.07	7,011.95	3,442.07
	e) Staff Cost	2,715.40	2,141.17	9,538.50	8,458.48
	f) Network operations expenditure	-	-	11,022.78	11,336.72
	g) Depreciation and Amortisation	3,903.28	2,614.53	13,568.70	12,466.88
	h) Administrative and other Overheads	4,089.33	2,227.19	8,055.05	5,897.68
	i) Bad debts written off (net of provision)	6,852.49	28.93	7,134.41	667.20
	j) Liquidated damages	77.81	4,103.80	220.69	4,741.28
	k) Provision for doubtful debts	-	11,120.44	174.15	11,301.79
	l) Share of results of Associates	-	-	(92.83)	534.09
	m) Goodwill on amalgamation written off	336.78	-	336.78	-
	Total	42,659.47	33,337.67	75,421.44	69,741.26
3.	Profit/(Loss) from operations before other income, interest & exceptional items (1-2)	(11,516.26)	(19,427.77)	(23,924.32)	(30,502.00)
4.	Other Income	1,635.03	544.11	2,091.78	820.90
5.	Profit/(Loss) before interest & exceptional items (3+4)	(9,881.23)	(18,883.66)	(21,832.54)	(29,681.10)
6.	Interest	8,148.23	9,098.91	7,418.56	19,577.01
7.	Profit/(Loss) after interest but before exceptional items (5-6)	(18,029.46)	(27,982.57)	(29,251.10)	(49,258.11)
8.	Exceptional items-expenses/(income) (Refer note No.7(a))	(5,946.42)	3,642.98	(7,711.70)	12,803.80
9.	Profit/(Loss) from ordinary activities before tax (7-8)	(12,083.04)	(31,625.55)	(21,539.40)	(62,061.91)
10.	Tax expenses - Fringe benefit tax	15.98	42.09	9.76	106.23
	- Deferred Tax	-	-	-	(3.54)
11.	Net Profit/(Loss) from ordinary activities after tax (9-10)	(12,099.02)	(31,667.64)	(21,549.16)	(62,164.60)
12.	Extraordinary items-expenses/(income) (Refer note No.7(b))	39,160.50	-	(58,956.91)	-
13.	Net Profit/(Loss) for the period (11-12)	(51,259.52)	(31,667.64)	37,407.75	(62,164.60)
14.	Paid-up Equity Share Capital	9,923.95	44,279.05	9,923.95	44,279.05
	Face value of Re.1/- each	3,011.25	38,552.66	(39,522.53)	(1,68,044.23)
15.	Reserves excluding Revaluation Reserve				
16.	Earning per Share(Rs) -				
	(a) Before Extraordinary items - Basic	(1.88)	(7.27)	(2.25)	(14.16)
	- Diluted	(1.88)	(7.27)	(2.25)	(14.16)
	(b) After Extraordinary items - Basic	(7.61)	(7.27)	3.69	(14.16)
	- Diluted	(7.61)	(7.27)	3.69	(14.16)
17.	Aggregate of public shareholding				
	-Number of shares	51,28,18,158	43,31,48,518	51,28,18,158	43,31,48,518
	-Percentage of shareholding	51.68	97.82	51.68	97.82
18.	Promoters and promoter group shareholding				
	a) Pledged/encumbered	10,56,000	10,56,000	10,56,000	10,56,000
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.22	11.36	0.22	11.36
	-Percentage of shares (as a % of the total share capital of the company)	0.11	0.24	0.11	0.24
	b) Non-encumbered	47,82,42,999	82,42,999	47,82,42,999	82,42,999
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	99.78	88.64	99.78	88.64
	-Percentage of shares (as a % of the total share capital of the company)	48.19	1.86	48.19	1.86

Notes:

- The standalone and Consolidated Audited results of the Company for the Financial year for eighteen months ended 30th September, 2010 as reviewed by Audit committee were approved by the Board of Directors at their meeting held on 28th February, 2011.
- The ROC vide its order dated 4th May, 2010 has granted the permission of extension of six months to the Company to prepare the annual accounts for eighteen months up to 30th September, 2010. Accordingly Company is publishing Audited Financial results for the financial year for eighteen months ended on 30th September, 2010.
- Since the Company has extended its Financial Year, the year to date figure for the current period for eighteen months have been given. The figures for the corresponding financial year is for only twelve months and hence the same is not comparable to that extent. The figures of the financial year ended 30th September, 2010 includes financials of Amalgamated company, hence the figures of the corresponding financial year 2008-09 is not comparable.
- (a) Extracts of audit qualifications:
 - The Company has accounted for the impact of modified CDR package, however compliance of some of the conditions are still in process.
 - The Company has in terms of CDR package provided for interest on ballooning basis instead of YTM basis.
 - Adequacy of provisions for doubtful debts.
 - Balances of some of sundry debtors, creditors, lenders and loans and advances are subject to confirmations reconciliations and adjustments, if any.
 - The Company has paid remuneration to managerial personnel during the period for which the approval of Central Government is pending.
 - Determination of impairment loss on the assets as per AS-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India.
- (b) Management comments:
 - The Company is in discussion with lenders for further restructuring/ modification in the CDR package so that its account with lenders can be regularised. The Company has submitted fresh re-structuring proposal to the lenders which is under their consideration.
 - The provision of interest has been made as per CDR approved package.
 - 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 for this period, the Company has paid Rs.4,69,17,326/- as remuneration to Wholtime Directors. Since the approval of Central Government received is of lesser amount than the actual remuneration paid for the aforesaid period, the excess amount of Rs.1,94,53,718/- 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 lesser amount of remuneration sanctioned by them. The Company has also filed the necessary applications with the Central Government seeking their approval for re-appointment and payment of remuneration to Wholtime Directors for financial year 2009-10 and onwards which is under their consideration.
 - The Company is in process of determining the impairment loss, if any, on its assets, in terms of the AS-28, effect of which will be given on such determinations.
- As provided under CDR package, the Company is providing interest on ballooning basis. The applicable rate on this basis is 15.50% p.a. during the year as compared to 14.25% p.a in the previous year.
- (a) The Hon'ble High Court of Himachal Pradesh at Shimla has sanctioned the Composite Scheme of Arrangement and Amalgamation "Scheme" between Sunvision Engineering Company Private Limited (SECPL), its Shareholders & Optionally Convertible Debenture holder ("OCD holder") and Himachal Futuristic Communications Limited (HFCL) and its Shareholders vide its order passed on 5th January, 2011. The aforesaid Order has been filed with the Registrar of Companies (RoC), Punjab, Himachal Pradesh and Chandigarh in the prescribed form no 21 both by HFCL and SECPL and RoC has issued a certificate confirming the registration of the aforesaid Court Order on 14th January, 2011 i.e. "effective date". With the registration of the aforesaid Court Order on 14th January, 2011 (effective date), SECPL stands amalgamated into HFCL w.e.f. 1st January, 2010 (Appointed date).

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lacs)

Sl. No.	Particulars	Financial Year for the Eighteen Months Ended 30th September	Financial Year for Twelve Months Ended 31st March	Consolidated Result for the Eighteen Months Ended 30th September	Consolidated Result for the Twelve Months Ended 31st March
		2010	2009	2010	2009
		(Audited)	(Audited)	(Audited)	(Audited)
1.	Segment Revenue				
	a) Telecom Products	20,365.04	9,283.81	20,365.04	13,079.88
	b) Turnkey Contracts and Services	10,778.17	4,626.09	12,296.04	4,626.09
	c) Basic Telephony and ISP	-	-	19,739.16	22,357.07
	d) Others	-	-	-	-
	Total	31,143.21	13,909.90	52,400.24	40,063.04
	Less: Inter segment revenue	-	-	903.12	823.78
	Net Sales/Income from Operations	31,143.21	13,909.90	51,497.12	39,239.26
2.	Segment Results Profit/(Loss) before tax and interest for each segment				
	a) Telecom Products	(5,000.91)	(21,080.68)	(5,000.91)	(27,801.33)
	b) Turnkey Contracts and Services	2,295.18	(1,303.00)	1,187.53	(1,303.00)
	c) Basic Telephony and ISP	-	-	(9,168.81)	(12,708.22)
	d) Others	-	-	(2.41)	4.70
	Total	(2,705.73)	(22,383.68)	(12,984.60)	(41,807.85)
	Less: i) Interest	8,148.23	9,098.91	7,418.56	19,577.01
	ii) Other un-allocable expenditure net off un-allocable income	1,229.08	142.96	1,136.24	677.05
	Total Profit before Tax	(12,083.04)	(31,625.55)	(21,539.40)	(62,061.91)
3.	Capital Employed				
	a) Telecom Products	9,336.26	6,882.87	(35,472.26)	(30,506.32)
	b) Turnkey Contracts and Services	6,589.18	5,877.02	6,589.18	5,877.02
	c) Basic Telephony and ISP	-	-	-	(43,534.54)
	d) Others	-	-	31.62	34.02
	Total capital employed in segments	15,925.44	12,759.89	(28,851.46)	(68,129.82)
	Add: Un-allocable corporate assets less liabilities	5,059.76	1,016.51	7,302.89	(38,911.04)
	Total capital employed in Company	20,985.20	13,776.40	(21,548.57)	(1,07,040.86)

Statement of Assets and Liabilities as at the end of 30th September, 2010

(Rs. in Lacs)

Particulars	Financial Year for the Eighteen Months Ended 30th September	Financial Year for Twelve Months Ended 31st March	Consolidated Result for the Eighteen Months Ended 30th September	Consolidated Result for the Twelve Months Ended 31st March
	2010	2009	2010	2009
	(Audited)	(Audited)	(Audited)	(Audited)
SHAREHOLDERS FUNDS:				
a) Capital	17,973.95	52,329.06	17,973.95	52,329.06
b) Advance against share application money	-	-	-	8,674.31
c) Reserve and Surplus	3,011.25	1,10,437.57	3,313.59	1,12,449.39
LOAN FUNDS	1,05,537.88	1,23,524.71	1,30,511.39	2,21,117.85
TOTAL	1,26,523.08	2,86,291.34	1,51,798.93	3,94,570.61
APPLICATION OF FUNDS:				
GOODWILL	-	-	7,422.05	4,778.85
FIXED ASSETS	18,939.39	22,152.96	19,342.18	92,179.02
INVESTMENTS	1,06,460.80	71,966.82	1,01,298.90	27,964.60
DEFERRED TAX ASSETS	-	-	-	3.54
CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	3,898.40	5,877.53	3,977.39	6,486.11
b) Sundry Debtors	42,190.89	45,351.37	48,551.54	56,619.32
c) Cash and Bank Balances	12,167.46	2,469.82	13,353.73	4,887.84
d) Other current assets	1,606.01	615.10	2,954.78	2,338.81
e) Loans and Advances	20,681.01	9,191.10	20,142.07	11,047.26
	80,543.77	63,504.92	88,979.51	81,379.34
Less: Current Liabilities and Provisions				
a) Liabilities	79,272.25	20,051.51	1,06,762.44	90,570.25
b) Provisions	148.63	272.08	1,317.39	1,658.11
	1,122.89	43,181.33	(19,100.32)	(10,849.02)
MISCELLANEOUS EXPENDITURE (NOT WRITTEN OFF OR ADJUSTED)				
PROFIT AND LOSS ACCOUNT	-	1,48,990.23	42,836.12	2,80,493.62
TOTAL	1,26,523.08	2,86,291.34	1,51,798.93	3,94,570.61

- Consequent upon the said scheme becoming effective, the Company's issued, subscribed and paid up equity share capital stands reduced from Rs. 462,79,36,970/- divided into 46,27,93,697 equity shares of Rs. 10/- each to Rs. 46,27,93,697/- divided into 46,27,93,697 equity shares of Re. 1/- each by reduction in face value and paid up value from Rs. 10/- per share to Re. 1/- per share. The Registrar of Companies (RoC), Punjab, Himachal Pradesh & Chandigarh, has also issued a necessary certificate under Section 103(4) of the Companies Act, 1956 on 14th January, 2011 confirming the reduction in equity share capital of the Company. Further, pursuant to the said Scheme becoming effective, the Board of Directors of the Company at its meeting held on 10th February, 2011 has allotted 47,00,00,000 and 5,96,01,640 equity shares of Re. 1/- each credited as fully paid up to the Shareholders and Optionally Convertible Debenture Holders respectively of erstwhile SECPL.
- Upon the Scheme becoming effective, "Business Reconstruction Account" has been prepared as under:

(Rs. in Lacs)

Particular	Debit	Credit
Reduction of Equity share Capital		41,651.43
Securities Premium Account		98,633.96
Capital Reserve		2,917.67
Capital Redemption reserve		1,400.00
Debenture redemption reserve		2,500.00
Amalgamation Reserve		970.00
Securities Premium Account on account of issue of Equity shares to the equity share holders of SECPL		47,705.00
Securities Premium Account on account of issue of Equity shares to the OCD holders of SECPL		6,403.98
Profit & Loss Account (as on 30.09.2010)	2,00,249.76	
Balance retained in Security Premium Account*	1,932.28	
	2,02,182.04	2,02,182.04

*After giving the above effect, there is no balance left in the Business Reconstruction Account.

- Pursuant to aforesaid order, the above effects of the scheme have been incorporated in the books of accounts for the financial period ended 30th September, 2010 as the Scheme is effective from the appointed date i.e. 1st January, 2010.
- The aggregate of public shareholding and promoter and promoter group shareholdings has been changed considering that the Scheme has been made effective from 1st January, 2010 though, allotment of shares consequent upon amalgamation has been made on 10th February, 2011.
- (a) During the financial year ended 30th September 2010 the following items have been accounted for under the head of Exceptional items: (i) Writes back of liabilities of Rs.6530.90 Lacs on account of settlement of dues of some of the lenders on one time settlement (OTS) basis. (ii) Gain of Rs.386.96 Lacs on Foreign Exchange on account of Foreign currency monetary items outstanding at the quarter end, which are valued at quarter end rate. (iii) Payments to the financial institution amounting to Rs.699.20 lacs towards guarantee obligation (iv) Payment of managerial remuneration on approval of Central Government including for earlier years amounting to Rs.272.24 lacs.
- (b) Extraordinary items includes loss of Rs. 39160.50 lacs on account of sale of investments in HFCL Infotel Ltd. (subsidiary company). In view of mounting losses and complete erosion of net worth of the HFCL Infotel Ltd., the lenders led by IDBI did complete restructuring with the condition; inter-alia; to change its management and sale of shares by the existing promoters at Zero/ Nominal value to the new management and accordingly HFCL Infotel Limited has ceased to be a subsidiary of the Company w.e.f. 31st March, 2010. Pursuant to this the Corporate Guarantee of Rs.522.50 Crore given by the Company for the loans, sanctioned to HFCL Infotel Ltd. which was being shown as contingent liability has been released by the lenders of HFCL Infotel Ltd.
- Status of investors' complaints during the quarter ended 30th September, 2010:-
Pending at the beginning : Nil; Received :5; Disposed of :5; 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 : 28th February, 2011