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HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

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HFCL/SEC/16-17/

22nd August, 2016

To

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

Sub: Outcome of Board Meeting

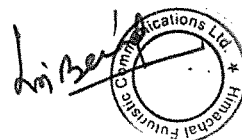
This is to inform you that the Board of Directors of the Company at its Meeting held on 22nd August, 2016, have inter-alia taken the following decisions:

1. Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, we are enclosing herewith the Standalone and Consolidated Un-audited Financial Results for the first quarter ended 30th June, 2016 which have been reviewed by the Audit Committee and approved by the Board of the Directors at its meeting held on 22nd August, 2016. Arrangements have also been made to publish the Financial Results in the Newspapers. The Statutory Auditors of the Company have carried out a Limited Review of the first quarter results ended on 30th June, 2016. A Copy of Limited Review report is enclosed herewith.
2. Approved the re-appointment of Shri Mahendra Pratap Shukla as an Independent Director of the Company, not liable to retire by rotation for a term of 2 (Two) years from the conclusion of the Annual General Meeting to be held on 29th September, 2016 subject to approval of Shareholders at the forthcoming AGM.
3. Approved the re-appointment of Smt. Bela Banerjee as an Independent Director of the Company, not liable to retire by rotation for a term of 2 (Two) years from the conclusion of the Annual General Meeting to be held on 29th September, 2016 subject to approval of Shareholders at the forthcoming AGM.

4. The present term of Shri Arvind Kharabanda, Whole-time Director designated as Director (Finance) had expired on 31st May, 2016 and he has shown his unwillingness to continue as Whole-time Director of the Company. However, he will continue to hold the position of a Non-Executive Director of the Company.
5. Approved issue of 10.30% 33,72,750 Secured, Unlisted Non-Convertible Debentures(NCD's) to Banks on Private Placement basis for an amount not exceeding Rs.33,72,75,000/- (Rupees Thirty Three Crore Seventy Two Lac Seventy Five thousand only) by way of conversion of outstanding right of recompense amount payable by the Company to lenders at the time of exit from Corporate Debt Restructuring Mechanism (CDR) on account of sacrifices and waivers made by them in the CDR Package subject to the approval of Shareholders in the ensuing Annual General Meeting to be held on 29th September, 2016. The brief terms of the proposed issue are mentioned below:

Sr. No.	Particulars	Terms
1	Name of the Instrument	10.30%, Secured, unlisted, Non-Convertible Debentures (NCDs)
2	Amount	Rs.33.73 Crore (Rupees Thirty Three Crore Seventy Three Lac only)
3	Coupon Rate	10.30% p.a.
4	Redemption	Redeemable at face value in instalments in the ratio of 33.33%, 33.33% and 33.33% at the end of 30th September, 2019 (FY 2019-20), 2020 (FY 2020-21) and 2021 (FY 2021-22) respectively from the date of allotment
5	Face Value	Rs.100/- each
6	Early redemption Option	Company has the option to redeem earlier than the redemption date by giving 30 days notice.
7	Security	First Pari Passu charge on Movable and Immovable fixed assets with existing term loans

6. Decided to convene the 29th Annual General Meeting (AGM) of the Company on Thursday, the 29th day of September, 2016 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan, Himachal Pradesh-173213.
7. Pursuant to Section 91 of the Companies Act, 2013 the Register of Members and share transfer books of the Company will remain closed from 23rd September, 2016 to 28th September, 2016 (both days inclusive) for the purpose of AGM.
8. Decided to provide e-Voting facility to the shareholders to exercise their Right to vote at the 29th Annual General Meeting and in this regard:-
 - a) Fixed 22nd September, 2016 as the "cut off" date for the purpose of offering e-Voting facility to the shareholders holding shares either in physical form or in dematerialized form, who will be entitled to cast their votes electronically in respect of resolutions set out in the 29th AGM Notice.
 - b) Fixed the dates for commencement and closure of e-Voting period as follows :
 - i. Commencement date :- 9:00 A.M. on 26th September, 2016
 - ii. Closing of e-Voting date :- 5:00 P.M. on 28th September, 2016



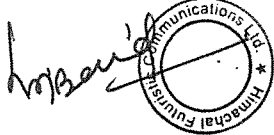
- c) Appointed Shri Baldev Singh Kashtwal, Practicing Company Secretary bearing Membership No. FCS 3616 and C.P. No. 3169 having office at 106, (1st Floor) Madhuban Tower, A-1, V S Block, Shakarpur Crossing, Delhi-110092 to scrutinize e-Voting process/Poll at the forthcoming AGM in a fair and transparent manner.

The above may kindly be taken on your records.

Thanking you,

Yours faithfully,

For **Himachal Futuristic Communications Limited**

A handwritten signature in black ink, appearing to read 'Manoj Baid', is written over a circular stamp. The stamp contains the text 'Himachal Futuristic Communications Ltd.' around the perimeter and a star symbol at the bottom.

(Manoj Baid)

Associate Vice-President (Corporate)
& Company Secretary

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

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

STATEMENT OF STANDALONE & CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2016

(Rs. in Crore)

Sl. No.	Particulars	Standalone		Consolidated
		Three months ended	Corresponding three months ended in the previous year	Three months ended
		June 30th 2016	June 30th 2015	June 30th 2016
		Unaudited	Unaudited	Unaudited
1	Income from operations			
	Net sales/income from Operations (Net of excise duty)	503.99	625.37	536.14
2	Expenses			
	a) Cost of materials/services consumed	295.01	363.24	320.35
	b) Purchases of stock-in-trade	11.95	57.31	11.95
	c) Change in inventories of finished goods, work-in progress and stock-in trade	24.48	(8.14)	22.54
	d) Employee benefits expenses	34.10	60.06	37.19
	e) Depreciation and Amortisation expenses	4.29	6.35	5.65
	f) Other expenses	74.72	63.00	76.86
	g) Bad debts, advances & Miscellaneous balances written off (net)	0.08	0.12	0.08
	Total Expenses	444.63	541.94	474.62
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	59.36	83.43	61.52
4	Other Income	4.65	3.83	6.24
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	64.01	87.26	67.76
6	Finance costs	17.83	16.11	19.47
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	46.18	71.15	48.29
8	Exceptional items - expenses /(income)	-	(38.25)	-
9	Profit/(Loss) from ordinary activities before tax (7-8)	46.18	109.40	48.29
10	Tax expenses	10.61	24.60	10.61
	MAT credit Entitlement	(10.61)	(24.60)	(10.61)
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	46.18	109.40	48.29
12	Extraordinary items - (expenses) /Income	-	-	-
13	Net Profit/(Loss) for the period (11+12)	46.18	109.40	48.29
14	Share of profit / (loss) of Associates	-	-	1.27
15	Minority Interest	-	-	0.51
16	Net profit/(loss) after taxes, minority interest and share of profit/(loss) of associates (13+14-15)	46.18	109.40	49.05
17	Other Comprehensive Income / (Loss)	1.27	(0.12)	1.08
18	Total Comprehensive Income/ (Loss) (16+17)	47.45	109.28	50.13
19	Paid-up Equity Share Capital (Face value of Re.1/- each)	123.94	123.94	123.94
20	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year	-	-	-
21	Earning per Share(face value of Re 1/- each) - (not annualised)			
	(a) Before Extraordinary items - Basic	0.36	0.87	0.38
	- Diluted	0.36	0.87	0.38
	(b) After Extraordinary items - Basic	0.36	0.87	0.38
	- Diluted	0.36	0.87	0.38



SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Crore)

Sl. No.	Particulars	Standalone		Consolidated
		Three months ended	Corresponding three months ended in the previous year	Three months ended
		June 30th 2016	June 30th 2015	\
		Unaudited	Unaudited	Unaudited
1	Segment Revenue			
	a. Telecom Products	119.84	164.54	151.99
	b. Turnkey Contracts and Services	384.15	460.83	384.15
	c. Others	-	-	-
	Total	503.99	625.37	536.14
	Less: Inter segment revenue	-	-	-
	Net Sales/Income from Operations	503.99	625.37	536.14
2	Segment Results Profit /(Loss) before tax and interest from each segment			
	a. Telecom Products	9.30	22.19	13.05
	b. Turnkey Contracts and Services	55.56	65.05	55.56
	c. Others	-	-	-
	Total	64.86	87.24	68.61
	Less: i. Interest	17.83	16.11	19.47
	ii. Other un-allocable expenditure net off	1.09	0.13	1.09
	iii Un-allocable income	(0.24)	(38.40)	(0.24)
	Total Profit before Tax	46.18	109.40	48.29
3	Capital Employed			
	a. Telecom Products	440.83	427.56	359.26
	b. Turnkey Contracts and Services	676.69	445.10	676.69
	c. Others	-	-	0.50
	Total capital employed in segments	1,117.52	872.66	1,036.45
	Add: Un-allocable corporate assets less liabilities	(154.13)	(0.96)	(121.82)
	Total capital employed in Company	963.39	871.70	914.63



Notes :

1. The above unaudited standalone and consolidated financial results of the Company for the first quarter ended 30th June, 2016 as reviewed by the Audit committee were approved by the Board of Directors at their meeting held on 22nd August, 2016.
2. The Company has adopted Indian Accounting Standards (Ind AS) from 1st April 2016 with a transition date of 1st April, 2015. The 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 unaudited results of the quarter ended 30th June 2015 are also Ind AS compliant.
3. The format for 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.
4. Reconciliation of the Net Profit for the corresponding quarter ended 30th June, 2015 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:

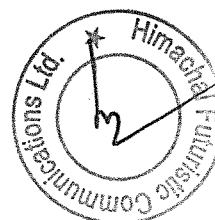
	(Rs. in Crore)
Net Profit as per IGAAP	112.39
Adjustments:	
Impact of Dividends and related distribution tax	(3.07)
Impact of reclassification of defined benefit plans	0.08
Tax impact on above adjustments	
Current tax	0.01
MAT credit entitlement	(0.01)
	<hr/>
	109.40
Other Comprehensive Incomes	
Remeasurement (gain)/loss of defined benefit plans	(0.08)
Others	(0.04)
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Total Comprehensive Income as per Ind AS	109.28

5. The Auditors have conducted limited review of the financial results for the quarter ended 30th June 30, 2016. The Ind AS compliant corresponding figures for the quarter ended June 30, 2015 have not been subjected to limited review or audit. However, the management of the Company has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs in accordance with Ind AS.
6. This being the first reporting quarter for the quarterly unaudited Consolidated results for three months ended 30th June, 2016 , corresponding quarter consolidated figures of three months ended 30th June, 2015 are not applicable.
7. The quarterly unaudited Consolidated results for three months ended 30th June, 2016 includes the results of the following entities:
 - a. Himachal Futuristic Communications Ltd. (HFCL) (Holding Company)
 - b. HTL Limited (Subsidiary of HFCL)
 - c. Moneta Finance Pvt. Ltd. (Subsidiary of HFCL)
 - d. HFCL Advance Systems Pvt. Ltd. (Subsidiary of HFCL)
 - e. HFCL Bezeq Telecom Ltd. (Associate of HFCL)
 - f. DragonWave HFCL India Pvt. Ltd. (Jointly controlled entity of HFCL)
8. The Company has acquired 160000 equity shares of Polixel Security Systems Pvt. Ltd. on 9th August, 2016, thereby, total shareholding of the Company in Polixel Security Systems Pvt. Ltd. has become 94% making it a Subsidiary of the Company with effect from 9th August, 2016.
9. The figures of the previous periods have been regrouped/ rearranged wherever considered necessary.

By order of the Board

Place : New Delhi
Date : 22nd August, 2016

(Mahendra Nahata)
Managing Director
DIN 00052898



KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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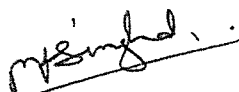
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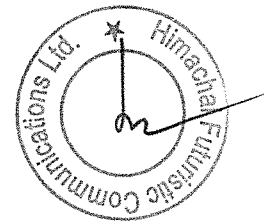
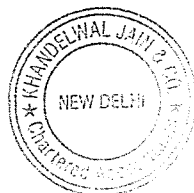
LIMITED REVIEW REPORT

To
The Board of Directors
Himachal Futuristic Communications Limited

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results of M/s Himachal Futuristic Communications Limited ("the Company") for the quarter ended 30th June, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principals laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. We draw attention that we have not reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended June 30, 2015 and accordingly, we do not express any conclusion on the results in the Statement for the quarter ended June 30, 2015. As set out in note no. 5 to the Statement, these figures have been furnished by the Management. Our conclusion is not qualified in respect of these matters.

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


(Manish Kumar Singhal)
Partner
M. No. 502570



Place: New Delhi
Dated: 22nd August, 2016

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

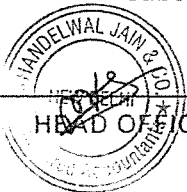
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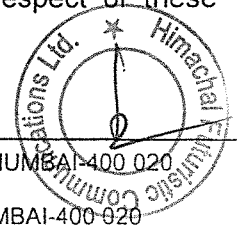
LIMITED REVIEW REPORT

To
The Board of Directors
Himachal Futuristic Communications Limited

1. We have reviewed the accompanying statement of Consolidated Unaudited Financial Results of M/s Himachal Futuristic Communications Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled entity and its share of the loss of its associate for the quarter ended 30th June, 2016 ("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, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principals laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following entities:
 - a. Himachal Futuristic Communications Limited (HFCL) (Holding Company)
 - b. HTL Limited (Subsidiary of HFCL)
 - c. Moneta Finance Pvt. Ltd. (Subsidiary of HFCL)
 - d. HFCL Advance Systems Pvt. Ltd. (Subsidiary of HFCL)
 - e. HFCL Bezeq Telecom Ltd. (Associate of HFCL)
 - f. DragonWave HFCL India Pvt. Ltd. (Jointly controlled entity of HFCL)
4. (a) We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial result reflect total revenues of Rs. 260 for the quarter ended 30th June, 2016 and total profit/(loss) after tax of Rs. (4,840) for the quarter ended 30th June, 2016. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the other auditors.



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(b) The Statement include the interim financial results of one subsidiary whose interim financial result reflect total revenue of Rs. Nil for the quarter ended 30th June, 2016 and total profit/(loss) of Rs. Nil for the quarter ended 30th June, 2016 and one jointly controlled entity with Group's share of profit/(loss) after tax of Rs. 12,717,663 for the quarters ended 30th June, 2016, based on their interim financial results which are certified by the Management.

5. (a) In the case of the subsidiary, HTL Ltd., the Subsidiary has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs. 1,177,118,586 as on 30th June 2016. Further, the Company has overdue loans from Government of India amounting to Rs. 62,420,000 and interest accrued and due thereon of Rs. 275,343,000. These factors, along with other matters as set forth in the said notes, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and during the year, the company has set up a manufacturing plant for manufacture of optical fiber cables and Fiber-to-home cables. 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.

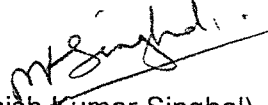
(b) In the case of the subsidiary, HTL Ltd., the Subsidiary has paid remuneration to managerial personnel during the year for which approval of central government is yet to be obtained. Our report is not qualified in respect of this matter.

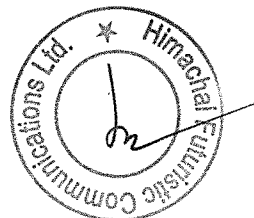
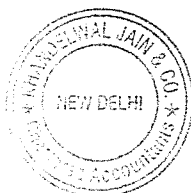
6. Based on our review conducted as above and based on the consideration of the reports of the other auditors referred to in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **KHANDELWAL JAIN & CO.**

Chartered Accountants

Firm Registration No. 105049W


(Manish Kumar Singhal)
Partner
M. No. 502570



Place: New Delhi

Dated: 22nd August, 2016