



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

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

HIGHLIGHTS OF QUARTERLY RESULTS, ENDING MARCH 31, 2006

- Sales Turnover up 295%
- Proforma Quarterly Net Profit at Rs. 14 crs. vs Loss of Rs. 46.30 crs in same quarter last year.
- Proforma Annual (FY06) Net Profit at Rs. 43.21 crs. Vs. Loss of Rs. 85.25 crs in FY05
- Quarterly EBITDA margin : 10.56% vs Negative in same Quarter of FY05
- FY06 EBITDA Margin : 13.12% vs 1.87%, in FY05
- FY06 Proforma PBT Margin at 5.72%, vs Negative for FY05
- Healthy Order Book at over Rs. 760 Crores. Strong pipeline of expected orders owing to huge Capex in the telecom industry.
- Reiterating Guidance for FY 07 : Sales Turnover : Rs. 1500-1600 Crores, Net Profit Rs. 170-180 Crores.
- Return on Net Worth (RONW) will rise to 35% in FY 2007, leading to rise in Shareholder Value.
- Turnkey Network Implementation Services expected to be strong driver of growth and margins in coming years.

- Completed USD 43 mn fund raising through FCCBs in two tranches.
- HFCL completes its balance sheet restructuring and rationalization, by taking One-Time, Non-Cash, Non-Recurring, Extraordinary provision of Rs. 952.42 crores, for diminution in value of investments and other doubtful/non-realizable assets.
- HFCL's balance sheet now has greater focus, and is now reflective of the actual capital employed in HFCL's core Telecom business.
- HFCL's FII Holding has reached nearly 21% (excluding FCCBs outstanding), with shareholding by major Global Institutional Investors, indicating renewed confidence in HFCL's management and business outlook.
- Stringent Corporate Governance structure in place, with formation of Board Sub Committee with Independent Director, to strictly monitor end use of funds; appointment of Concurrent Auditors and Monitoring Committee by the lenders, Non Executive Independent Directors as well as nominee of institutional lenders on Board.
- HFCL stands committed to delivery and enhancement of Shareholder Value, Transparency and Corporate Governance.

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE QUARTER ENDED 31ST MARCH, 2006

(Rs. in Crores)

Sl. No.	Particulars	Fourth Quarter Ended 31st March		Financial Year Ended 31st March	
		2006	2005	2006	2005
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Net Turnover/Income from Operations	256.51	64.86	755.92	405.41
	Growth (%)	295.49%		86.46%	
2.	Other Income	1.68	1.38	3.27	2.92
3.	Expenditure				
	- (Increase) / Decrease in Stock in Trade	18.24	3.13	9.56	9.05
	- Cost of Raw Material/services	189.00	64.87	579.76	314.60
	Gross Profit	49.27	(3.14)	166.60	81.76
	Gross Profit Margin	19.21%	-ve	22.04%	20.17%
	- Staff Cost	7.26	7.72	25.41	27.69
	- Administrative and other Overhead	16.34	13.46	44.23	44.57
	- Royalty	0.26	0.45	1.02	4.82
	EBIDTA	27.09	(23.39)	99.21	7.60
	EBIDTA Margin	10.56%	-ve	13.12%	1.87%
4.	Interest and Finance Charges	5.99	17.83	26.54	63.03
5.	Depreciation and Amortisation	7.10	5.08	29.46	29.82
6.	Profit Before Tax & Non Recurring Extra ordinary items	14.00	(46.30)	43.21	(85.25)
	PBT Margin	5.46%	-ve	5.72%	-ve
7.	Provision for Taxation/FBT including for earlier years	0.13	(1.52)	0.32	(1.04)
8.	Profit After Tax and Before Non-Recurring Extra ordinary items	13.87	(44.78)	42.89	(84.21)
	PAT Margin	5.41%	-ve	5.67%	-ve
9.	Extra Ordinary and Non Recurring items (net)	952.42	90.37	959.34	84.72
10.	Net Profit after Non Recurring and Extra Ordinary Items	(938.55)	(135.15)	(916.45)	(168.93)
11.	Paid-up Equity Share Capital (Face value of Rs.10 each)	350.13	329.76	350.13	329.76
12.	Reserves excluding Revaluation Reserve	-	-	(66.15)	884.80
13.	Earning per Share (Rs) - Basic	(26.84)	(4.15)	(26.74)	(5.35)
	- Diluted	(24.84)	(4.15)	(26.74)	(5.35)
14.	Aggregating of non-promoter shareholding				
	-Number of shares	-	-	340,048,914	319,667,911
	-Percentage of shareholding	-	-	97.12	96.94

Notes:

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 25th April, 2006.
- The Company has a strong order book position of Rs. 760 crore approx. at the end of the quarter and is in process of participating in various tenders and expects sizeable orders out of those tenders.
- The impact of lower rate of interest for the year ended 31st March, 2006 have been accounted for as most of the lenders have conveyed their approvals to the CDR package as approved by the Empowered Group in its meeting held on 8th June, 2005.
- The company has allotted 430 Foreign Currency Convertible Bonds (FCCBs) of USD 1,00,000 each aggregating to USD 43 Million. 330 FCCBs were allotted on 7th March 2006 and 100 FCCBs were allotted on April 10, 2006. The issue was oversubscribed due to overwhelming response from major institutional investors.
- As was stated in the notes to the results given in the previous quarters, the management had appointed a firm of Chartered Accountants for reviewing and assessing the realizable value of its investments, loans and advances and other current assets of the company. This fact had been communicated to the stock exchanges, and the general investor community, via quarterly announcements, in the past. HFCL's Management has decided to take a one time non-recurring, non-cash extra ordinary charge of Rs. 952.42 crores and is providing for the same in the results, on account of diminution in value of investments and other doubtful/non-realizable assets. By making the aforesaid provision, the management is of the opinion that the capital employed in the company's business will be more in line with its core operations and will consequently improve the return ratios.
- Status of investors complaints during the quarter ended 31st March 2006
Pending at the beginning Nil; Received 10; Disposed off 10; Pending at the end Nil
Investors Relation Contact: investor@hfcl.com
- Figures of the previous periods have been regrouped/rearranged wherever considered necessary.

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Crores)

Particulars	Fourth Quarter Ended 31st March		Financial Year Ended 31st March	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment Revenue				
a. Telecom Products	226.35	59.63	663.84	326.04
Growth (%)	279.59%		103.61%	
b. Turnkey Contracts and Services	29.41	4.40	89.46	76.52
Growth (%)	568.53%		16.91%	
c. Others	0.75	0.83	2.62	2.85
Total	256.51	64.86	755.92	405.41
Less: Inter segment revenue	-	-	-	-
Net Turnover/Income from Operations	256.51	64.86	755.92	405.41
Segment EBITA				
a) Telecom Products	23.52	(25.12)	78.72	(18.10)
Margin	10.39%	-ve	11.86%	-ve
b) Turnkey Contracts and Services	1.63	(1.90)	2.64	3.59
Margin	5.54%	-ve	2.95%	4.69%
c) Others	0.35	(0.53)	1.06	0.58
Total	25.50	(27.55)	82.42	(13.93)
Less:				
i) Interest and Finance charges	5.99	17.83	26.54	63.03
ii) Other un-allocable expenditure				
Net off un-allocable income	5.51	0.92	12.67	8.29
Profit Before Tax and non Recurring extra ordinary items	14.00	(46.30)	43.21	(85.25)
Capital Employed				
a) Telecom Products	526.50	481.17	526.50	481.17
b) Turnkey Contracts and Services	54.39	213.16	54.39	213.16
c) Others	4.21	20.76	4.21	20.76
Total Capital Employed in Segments	585.10	715.09	585.10	715.09
Add: Un-allocable Corporate Assets less Liabilities	(220.61)	579.98	(220.61)	579.98
Total Capital Employed in Company	364.49	1,295.07	364.49	1,295.07

By Order of the Board

Place: New Delhi
Date : 25th, April 2006

(MAHENDRA NAHATA)
Managing Director