



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

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

HIGHLIGHTS OF QUARTERLY RESULTS, ENDED JUNE 30, 2006

- Sales Turnover up 81.44%
- Proforma Quarterly Net Profit at Rs. 18.41 crs. vs Loss of Rs. 19.05 crs in same quarter last year
- Quarterly EBIDTA margin : 15.74% vs 3.94% in the same Quarter of FY05
- Order Book at over Rs. 675 Crores. Strong pipeline of expected orders owing to huge Capex in the telecom industry.
- Turnkey Network implementation business Division shows strong growth. This division is expected to be a significant driver of HFCL's growth and margins in this year, and next year as well.
- Guidance for FY07 (March ending): Revenue: Rs. 1500-1600 crs. Net Profit Rs. 170-Rs. 180 crs.
- Complete Balance Sheet restructuring achieved, leading to reduction of balance sheet size.
- As a result of balance sheet restructuring, Return on Net Worth (RoNW) for current financial year is projected to reach 35% leading to enhancement of Shareholder Value
- Company's debts have been restructured through implementation of Corporate Debt Restructuring Scheme.
- HFCL's FIs Holding continues to be around 24% (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 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 30th JUNE, 2006

(Rs. in Crores)

Sl. No.	Particulars	Quarter Ended 30th June		Financial Year Ended 31st March
		2006	2005	2006
		(Unaudited)	(Unaudited)	(Unaudited)
1.	Net Turnover/Income from Operations	223.68	123.28	755.92
	Growth (%)	81.44%		
2.	Other Income	0.37	0.05	3.27
3.	Expenditure			
	- (Increase) / Decrease in Stock in Trade	0.22	3.40	9.56
	- Cost of Raw Material/services	173.46	96.48	579.76
	Gross Profit	50.00	23.40	166.60
	Gross Profit Margin	22.35%	18.98%	22.04%
	- Staff Cost	5.79	5.98	25.41
	- Administrative and other Overhead	9.11	12.61	44.23
	- Royalty	0.26	0.00	1.02
	EBIDTA	35.21	4.86	99.21
	EBIDTA Margin	15.74%	3.94%	13.12%
4.	Interest and Finance Charges	9.76	17.45	26.54
5.	Depreciation and Amortisation	7.04	6.46	29.46
6.	Profit Before Tax & Non Recurring	18.41	(19.05)	43.21
	Extra ordinary items			
	PBT Margin	8.23%	-15.45%	
7.	Provision for Taxation/FBT including for earlier years	0.16	0.00	0.32
8.	Profit After Tax and Before Non-Recurring	18.25	(19.05)	42.89
	Extra ordinary items			
	PAT Margin	8.16%	-15.45%	5.67%
9.	Extra Ordinary and Non Recurring items (net)	0.38	2.24	959.34
10.	Net Profit after Non Recurring and Extra Ordinary Items	17.87	(21.29)	(916.45)
11.	Paid-up Equity Share Capital (Face value of Rs.10 each)	350.13	335.56	350.13
12.	Reserves excluding Revaluation Reserve	-	-	(66.15)
13.	Earning Per Share (Rs) - Basic	0.47	(0.69)	(26.74)
	- Diluted	0.39	(0.69)	(26.74)
14.	Aggregating of non-promoter shareholding			
	-Number of shares	-	-	340,048,914
	-Percentage of shareholding	-	-	97.12

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Crores)

Particulars	Quarter Ended 30th June		Financial Year Ended 31st March
	2006	2005	2006
	(Unaudited)	(Unaudited)	(Unaudited)
Segment Revenue			
a. Telecom Products	173.68	118.28	663.84
Growth (%)	46.84%		
b. Turnkey Contracts and Services	50.00	4.99	89.46
Growth (%)	902%		
c. Others	0.00	0.01	2.62
Total	223.68	123.28	755.92
Less: Inter segment revenue	-	-	-
Net Turnover/Income from Operations	223.68	123.28	755.92
Segment EBITA			
a) Telecom Products	26.63	1.26	78.72
Margin	15.33%	1.06%	11.86%
b) Turnkey Contracts and Services	4.00	(0.68)	2.64
Margin	8.00%	-ve	2.95%
c) Others	(0.02)	(0.03)	1.06
Total	30.61	0.55	82.42
Less:			
i) Interest and Finance charges	9.76	17.45	26.54
ii) Other un-allocable expenditure			
Net off un-allocable income	2.44	2.15	12.67
Profit Before Tax and non Recurring extra ordinary items	18.41	(19.05)	43.21
Capital Employed			
a) Telecom Products	537.68	490.94	526.50
b) Turnkey Contracts and Services	93.28	211.94	54.39
c) Others	4.91	20.79	4.21
Total Capital Employed in Segments	635.87	723.67	585.10
Add: Un-allocable Corporate Assets less Liabilities	(263.48)	548.63	(220.61)
Total Capital Employed in Company	372.39	1,272.30	364.49

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 31st July, 2006.
- The Company has a strong order book position of Rs. 675 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 Company had allotted 330 FCCBs on 7th March, 2006, out of which 325 FCCBs have been converted into equity shares @ Rs. 23/- per Share on 6th July, 2006 in terms of the offer documents.
- Status of investors complaints during the quarter ended 30th June, 2006.
Pending at the beginning Nil; Received 4; Disposed off 4; Pending at the end Nil
Investors Relation Contact : investor@hfcl.com
- Figures of the previous periods have been regrouped/rearranged wherever considered necessary.

Place: New Delhi
Date : 31st July, 2006

By Order of the Board

(MAHENDRA NAHATA)
Managing Director