

SEPTEMBER 06, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITY OF**HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED****Ratings**

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long term Bank Facilities	410.91 (enhanced from Rs.332.89 crore)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short term Bank Facilities	450.00 (enhanced from Rs.400.00 crore)	CARE A2+ (A Two Plus)	Reaffirmed
Total	860.91 (Rupees Eight hundred Sixty and Ninety One Lakh only)		

Ratings Rationale

The reaffirmation of Himachal Futuristic Communications Limited's (HFCL) ratings take into consideration sound financial performance in FY16 (refers to the period April 01 to March 31) marked by consistent increase in total operating income and operating margins, comfortable capital structure and strong liquidity. The ratings also continues to draw comfort from the advancement the company's plan to exit from Corporate Debt Restructuring (CDR), experienced management team, long track record of operations and healthy order book position.

The ratings, however, remain constrained by the revenue concentration risk, increase in debtors days due to change in customer mix towards government/public sector enterprises, and regulatory aspects governing the telecom sector.

Going forward, continuation of profitable scale-up of operations, maintaining capital structure and operating cycle, shall remain the key rating sensitivities.

Background

HFCL (CIN: L64200HP1987PLC007466) was incorporated in the year 1987 to set up a plant in Solan (Himachal Pradesh) for assembling of telecom equipments. Subsequently, the company has ventured into various segments viz. Optical Fibre Cable (OFC) manufacturing in 1997 by setting up a plant at Goa and commenced rendering turnkey services for telecom service providers in 1998. The manufacturing facilities are located in Solan (HP) and Salcete, Goa.

During FY16 (Audited; consolidated), HFCL reported a operational income of Rs.2,569.54 crore (PY: Rs.2,551.08 crore) and PAT of Rs.119.02 crore (PY: Rs.189.91 crore).

Analyst Contact

Name: Mr Manek Narang
 Tel: 011-45333233
 Cell: 09810596225
 Email: manek.narang@careratings.com

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691