

Auditors' Report

To the Members of HTL Limited

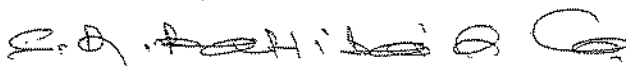
1. We have audited the attached Balance Sheet of HTL Limited as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956; we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above,
 - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) *Attention is invited to Note No.C-2 of Schedule 20 in the financial statements. The Company incurred a net loss of Rs.1,042,696 thousands during the year and has accumulated losses of Rs 3,888,920 thousands as at March 31, 2009, which has resulted in negative net worth of Rs. 3,738,920 thousands. The Company's current liabilities have exceeded its current assets by Rs 1,984,397 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 492,613 thousands and also has*

S.R. BATLIBOI & CO.

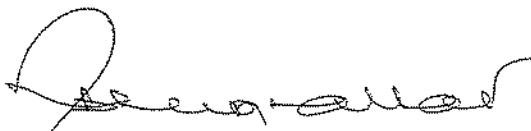
overdue loans from Government of India amounting to Rs 62,420 thousands together with interest accrued and due thereon of Rs. 166,440 thousands. The turnover during the current year is only Rs 380,124 thousands. The Company's plans to raise fund are dependent on resolution of various uncertainties and litigation involving the sale of land as referred to in the above note. These factors along with other matters as set forth in the above note raise substantial doubt that the Company will be able to continue as a going concern. The Company is hopeful of a successful outcome in the litigation. The Company has also received orders for erection of Telecom Towers and is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In view of the management's expectation of the successful outcome of the above proposals, the financials statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.

(vii) Subject to our comments in sub-paragraph (vi) above, the impact thereof on the Company's losses/ accumulated losses is not ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said statements of account, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
- (b) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

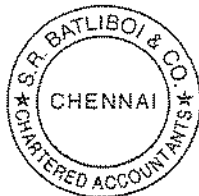


For S. R. BATLIBOI & CO.
Chartered Accountants



per Sunil Bhumralkar
Partner
Membership No. 35141

Place : Chennai
Date : June 29, 2009



Annexure referred to in paragraph 3 of our report of even date
HTL Limited

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
- (c) There is no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations provided by the management, there are no parties covered under section 301 of the Companies Act, 1956. Hence clause 4 (iii) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, there are no parties covered under section 301 of the Companies Act, 1956. Hence, clause 4 (v) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.



(ix) (a) *Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, sales-tax, custom duty, excise duty, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.*

(b) *According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:*

Sl. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Due Date
1	The Central Sales Tax Act 1956	Differential sales tax payable on price revision for the year 2001-02, 2002-03 and 2003-04 for the sales to BSNL for the period from October 2000 to March 2001.	22,009	Various Dates
2	The Tamil Nadu General Sales Tax Act, 1959	Differential sales tax payable on price revision for the year 2001-02 and 2002-03 for the sales to BSNL for the period from October 2000 to March 2001.	1,745	Various Dates
3	The Central Sales Tax Act 1956	Additional sales tax payable for the year 2001-02.	28,745	Various Dates
4	The Central Sales Tax Act, 1956	Differential sales tax payable for the year 2002-03 for non-availability of C/D Forms for the period 1.4.02 to 11.5.02 from BSNL/MTNL.	139,069	30 th May, 2002
5	The Central Sales Tax Act, 1956	Differential sales tax payable for the Year 2000-01 for non-submission of C/D Forms from BSNL/MTNL.	666,008	Various Dates
6	The Central Sales Tax Act, 1956	Sales tax payable for the period from April 2004 to October 2004, August 2005 and interest payable thereon.	139	Various Dates
7	The Central Excise Act, 1944	Excise duty payable on revenues not yet invoiced.	9,454	Various Dates
8	The Central Sales Tax Act, 1956	Sales Tax payable on revenues not yet invoiced.	684	Various Dates
9	The Central Sales Tax Act, 1956	Differential Sales Tax Payable for the year 2004 - 2007	16,642	Various Dates
10	The Central Sales Tax Act, 1956	Differential Sales Tax Payable for the year 2004 - 2007	7,607	Various Dates

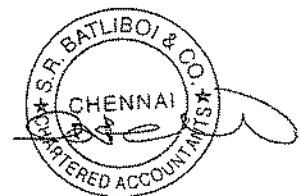
Sl. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Due Date
11	Income Tax Act, 1961	Income Tax payable for the Assessment Year 2000-01 on account of disallowance of provision for doubtful debts & advances	22,272	31 st March 2000
12	Employee's Provident Funds & Miscellaneous Provisions Act, 1952	Interest and Damages Payable for PF delays for the financial year 2006 - 2007	2,076	Various Dates

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

SL. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Forum where dispute is pending
1	The Central Sales Tax Act, 1956	Differential sales tax payable for non-submission of C/D Forms from 1993-94 to 1998-99.	49,864	Sales Tax Appellate Tribunal and Madras High Court
2	The Central Sales Tax Act, 1956	Differential sales tax payable on non submission of D Forms from 1995-96 to 1997-98 in respect of spares.	738	Sales Tax Appellate Tribunal
3	The Central Sales Tax Act, 1956	Differential sales tax payable for 1999-00 for non submission of C/D Forms.	20,573	Madras High Court
4	The Tamil Nadu General Sales Tax Act, 1959	Differential sales tax on sales to BSNL from October 2000 to March 2001.	16,484	Madras High Court
5	The Tamil Nadu General Sales Tax Act, 1959	Interest levied on delay in payment of differential sales tax for October 2000.	229	Madras High Court
6	The Central Sales Tax Act, 1956	Interest levied on delay in payment of differential sales tax for the month of October 2000.	6,030	Madras High Court
7	Income Tax Act, 1961	Income Tax on disallowance of Non-moving / obsolete inventory for 1998-99 and 2000-01.	18,119	Income Tax Appellate Tribunal
8	The Central Excise Act, 1944	Excise Duty on wage arrears from 1986 to 1990.	12,788	Commissioner of Central Excise (Appeals)
9	The Central Excise Act, 1944	Excise Duty on additional sales against notional interest on advance received from the customers.	15,104	Custom, Excise and Service Tax Appellate Tribunal
10	The Central Excise Act, 1944	Penalty levied on account of delay in payment of excise duty.	1,000	Commissioner of Central Excise (Appeals), Chennai



- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year. In the immediately preceding financial year also, the Company had incurred cash loss.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the bank limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs.492,613 thousands. As at March 31, 2009 interest accrued and due on these loans is Rs. 818,375 thousands.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Hence, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not take any fresh term loans during the year.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that as at 31st March, 2009, short term funds to the tune of Rs 372.68 crores (approx.) out of operating working capital and cash credits, have been used to primarily finance the cash losses of the Company.*
- (xviii) According to the information and explanations provided by the management, there are no parties covered under section 301 of the Companies Act, 1956. Hence, clause 4 (xviii) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.



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- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S.R. Batliboi & Co

**For S. R. BATLIBOI & CO.
Chartered Accountants**

Sunil Bhumralkar

**per Sunil Bhumralkar
Partner
Membership No. 35141**

Place : Chennai
Date : June 29, 2009



HTL LTD.

Registered Office: GST Road, Guindy, Chennai - 600 032

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 48th Annual Report and Audited Accounts for the financial year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2008-09 Rs.	2007-08 Rs.
Sales, Services and Other Income	39.39	18.83
Profit (loss) Before Depreciation, Finance Charges and Taxation	(66.44)	(10.29)
Less: Depreciation	0.88	1.17
Finance Charges	36.95	33.73
Net Loss for the year	(104.27)	(45.19)
Add: Loss Brought Forward from Previous Year	(284.62)	(239.43)
Deficit carried to the Balance Sheet	(388.89)	(284.62)

DIVIDEND

In view of the losses incurred by the Company, no dividend can be recommended for the year.

SIGNIFICANT EVENTS OF THE YEAR

- (1) The Hon'ble High Court of Madras have passed orders on 30.9.2008 set asiding the G.O. (4D) No.12 of Micro , Small & Medium Enterprises (F) Dept. 23.4.2008 issued by Government of TamilNadu for taking back the vacant land of 11.021 acres allotted to the Company after paying the amount decided by the District Collector by citing the unregistered Assignment Deed and also dismissed the Writ Appeal filed by them on 23.3.2009 in this regard. The Company is following up with the Department of Micro , Small & Medium Enterprises (F) for issuing directions to SIDCO for execution of necessary documents to incorporate the missing survey numbers in the Registered Sale Deed dated 22.1.1993.

In view of the above, the Company's financial restructuring plan could not be carried out. The same is dependent on the completion of above required formality with SIDCO and then disposal of the vacant land measuring 11.021 acres.

- (2) The Company acquired a land measuring 15.09 acres at Hosur from SIPCOT in 1983 thru' a registered Lease cum Sale Agreement. A factory building has also been constructed & limited operations for a very short period were carried out in 3.50 acres. SIPCOT has been extending the time till September 2008 for full utilization of the said land and the Company could not utilize the said land fully as planned due to its severe financial constraints. The Estate Officer, SIPCOT Industrial Complex, Hosur issued a Notice under the Tamilnadu Public Premises Eviction Act, 1975 for resumption of 11.50 acres as unutilised as per the Clause 10 (a) & (b) of the Lease cum Sale Agreement. An enquiry was conducted on 29.4.2009 and the Company requested time till 31.8.2009 for utilizing the said land. The outcome of the said enquiry is awaited.
- (3) The Company has filed a reference to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) as per the audited balance sheet of the year 2001-02 in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The hearings took place on 3.12.2004, 29.11.2006, 16.4.2009 and 8.6.2009. In the hearing held on 8.6.2009, the Hon'ble BIFR Bench directed that the Company be declared as a sick industrial company in terms of section 3(1)(0) of SICA, 1985. Further, the Bench appointed SBI as the Operating Agency with directions to prepare a revival scheme, if feasible on or before 30.9.2009. The Company was directed to submit a draft rehabilitation proposal to SBI(OA) and the OA will examine the draft rehabilitation proposal of the Company, hold a Joint Meeting of concerned agencies and submit a Draft Rehabilitation Scheme(DRS) to the BIFR at the earliest. The next hearing is fixed on 29.9.2009.

REVIEW OF OPERATIONS

The value of sales of different products made during the year under review with comparative figures for the previous year are: -

(Rs in Lakhs)

PRODUCTS	2008-09 (Rs.)	2007-08 (Rs.)
Turnkey Project -RailTel	4.61	11.82
Turnkey Project - NIB-BSNL	96.66	75.42
IFWT	1956.24	-
STM	1012.19	-
Tower Erection	19.81	-
Service Charges	649.97	263.73
Spares	61.76	68.88
TOTAL	3801.24	419.85

The Company's performance during the year under review was poor since the Company continued to face severe financial crisis including the working capital.

CURRENT POSITION AND OUTLOOK

The improvement in the Company's performance is dependent upon overcoming the working capital shortfall by way of induction of funds and clearing of the overdues by sale of the surplus vacant land measuring 11.021 acres.

FIXED DEPOSITS

The Company has not accepted any deposits during the year under review.

DIRECTORS

Shri Mahendra Nahata and Shri M.P.Shukla are retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent (read with Notes on Accounts in Schedule 20 of the Audited Statement of Accounts) so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis subject to the position as clarified in Note No. C.2 in Schedule 20 of the Audited Statement of Accounts.

AUDITORS

M/s.S.R.Batlboi & Co, Chartered Accountants, New Delhi retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The information and explanation on qualifications/ observations in the Auditors' Report are given in Annexure 1 of this Report.

PERSONNEL

The manpower strength at the close of the year was 340 as compared to 394 at the beginning of the year. None of the employees of the Company was drawing aggregate salary of Rs. 24,00,000 or more per annum, if employed throughout the year or Rs.2,00,000 per month or more , if employed for a part of the year under review and as such the provisions of giving information pursuant to Section 217(2A) of the Companies Act ,1956 read with Companies Particulars of Employees Rules,1975 are not applicable.

CONSERVATION OF ENERGY/ TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules,1988 with respect to these matters is set out in Annexure 2 and forms part of this Report.

ACKNOWLEDGEMENTS

Your Board of Directors place on record their sincere thanks for the assistance and support extended by the Department of Telecommunications, Government of India, Government of Tamil Nadu , BSNL , MTNL , Reliance and Aircel . Your Directors also wish to express their gratitude for the co-operation and assistance extended by the Banks and Suppliers.

Your Directors wish to place on record their sincere appreciation of the dedicated efforts put in by the employees at all levels in the Company.

For and on behalf of the Board



CHAIRMAN

Place : New Delhi

Date : 29th June , 2009

ANNEXURE 1 TO THE DIRECTORS' REPORT

INFORMATION AND EXPLANATION ON QUALIFICATIONS / OBSERVATIONS IN THE AUDITORS' REPORT

(A) OBSERVATIONS IN THE AUDITORS' REPORT

Auditors' Observation:

4. (VI) Attention is invited to Note No.C-2 of Schedule 20 in the financial statements. The Company incurred a net loss of Rs. 1,042,696 thousands during the year and has accumulated losses of Rs 3,888,920 thousands as at March 31, 2009, which has resulted in negative net worth of Rs. 3,738,920 thousands. The Company's current liabilities have exceeded its current assets by Rs 1,984,397 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 492,613 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands together with interest accrued and due thereon of Rs. 166,440 thousands. The turnover during the current year is only Rs 380,124 thousands. The Company's plans to raise fund are dependent on resolution of various uncertainties and litigation involving the sale of land as referred in the above note. These factors along with other matters as set forth in the above note raise substantial doubt that the Company will be able to continue as a going concern. The Company is hopeful of a successful outcome in the litigation. The Company has also received orders for erection of Telecom Towers and is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In expectation of the successful outcome of the above proposals, the financials statements have been prepared on a going concern basis. In view of the above, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.

Reply of the Board:

The Company is confident to clear all its over dues on realization of proceeds of the proposed sale of vacant land of 11.021 acres. The Hon'ble High Court of Madras have passed orders on 30.9.2008 confirming the clear title on the said land of the Company & set aside the Government Order passed for taking back the said land and have also passed orders on 23.3.2009 dismissing the Writ Appeal of the Government of TamilNadu. The Company is following with the Government of TamilNadu for its directions to SIDCO for execution of appropriate document for incorporation of the four survey numbers omitted in the registered sale deed dated 22.1.1993 executed by SIDCO. The Company will be in a position to proceed with its plan of sale on completion of this formality.

Though there is a good potential for Telecom Products & the Company is having necessary expertise, it could not perform well mainly due to lack of credit facilities from Bankers and also its acute financial constraints. In the said circumstances, the Company achieved a turn over of Rs. 38 Crores by availing alternate private financial arrangements which has also resulted very low margin. The Company is confident to improve its performance substantially on completion of the proposed sale of above mentioned land. This matter has been explained in detail in Note No.C 2 of Schedule 20 of the Audited Statement of Accounts. All efforts are taken for continuance of the Company and hence, the Company is an ongoing concern only and the financial statements are finalized as an on going concern basis.

(B) OBSERVATIONS IN THE ANNEXURE TO AUDITORS' REPORT

1. Auditors' Observation:

Para (ix)(a) : Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.

Reply of the Board:

The delays in payment of statutory dues were on account of extreme critical financial position of the Company.

2. Auditors' Observation:

Para (ix)(b): According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

(Details as per Auditors' Report not repeated here).

Reply of the Board:

The dues in respect of sales-tax could not be paid mainly on account of non-reimbursement of sales-tax by BSNL in spite of its commitment to reimburse the sales-tax, non-submission of D/C Forms by the customers in time, critical financial position of the Company and the consequent interest liability for non-payment of sales-tax.

Regarding income-tax dues, the provision has been made on the basis of stand taken by the department in earlier years in respect of disallowance of provision for doubtful debts consequent upon changes in law with retrospective effect.

Excise duty and sales-tax payable on revenues not invoiced is on account of upward revision of prices for which invoices are yet to be raised formally due to certain disputes with BSNL although sales have been accounted for in the books.

Interest and Damages payable on delayed remittance of PF dues is on account of acute financial crisis and will be remitted after the hearing & getting final demand in this regard.

3. Auditors' Observations:

Para (x): The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year. In the immediately preceding financial year also, the Company had incurred cash loss.

Para (xi): Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the bank limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs.492,613 thousands.As at March 31,2009 interest accrued and due on these loans is Rs.818,375 thousand.

Para (xvii): According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that as at 31st March, 2009, short term funds to the tune of Rs. 372.68 Crores (approx.), without considering permanent working capital, have been used to primarily finance the cash losses of the Company.

Reply of the Board:

These are only statement of facts and need no further comment by the Board except that in absence of any arrangement of long term funds to finance the cash losses, the available working funds got depleted resulting into use of short term funds for meeting the losses.

ANNEXURE 2 TO THE DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES , 1988 FOR THE YEAR ENDED 31st MARCH, 2009.

CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. The Company nevertheless, continued its efforts to conserve energy.

RESEARCH AND DEVELOPMENT (R&D)

The Company has incurred a sum of Rs.0.21lacs during the year 2008-09 towards recurring expenditure on R&D. The Company could not spend on R& D due to its severe financial constraints and more over the goods are imported as such in the present scenario in the Telecom Sector.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The Company has absorbed technologies from tie-up with its foreign partners for the product they supplied. Efforts are continued for absorption of technology wherever new products are introduced.

FOREIGN EXCHANGE EARNINGS AND OUTGO

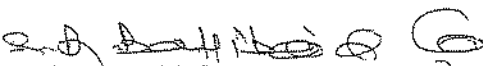
	<i>(Rs. in '000)</i>
FOB Value of Exports	Nil
CIF Value of Imports	222,636
Expenditure in Foreign Currency	Nil

HTL LIMITED
Balance sheet as at 31st March 2009


	Schedules	As at 31st March 2009 Rs. in 000s	As at 31st March 2008 Rs. in 000s
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	150,000	150,000
Reserves and Surplus	2	-	150,000
Loan Funds			
Secured Loans	3	1,545,988	1,352,633
Unsecured Loans		258,860	213,947
TOTAL		1,954,848	1,716,580
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	528,463	521,698
Less: Depreciation		478,138	470,191
Net Block		50,325	51,507
Capital work-in-progress		-	2,215
Current Assets, Loans and Advances			
Inventories	5	31,228	71,967
Sundry Debtors	6	876,550	868,641
Cash & Bank Balances	7	123,508	299,961
Other Current Assets	8	115,387	90,594
Loans and Advances	9	79,354	73,044
		1,226,027	1,404,207
Less: Current Liabilities and Provisions			
Current Liabilities	10	3,101,616	2,484,225
Provisions		108,808	107,797
		3,210,424	2,592,022
Net Current Assets		(1,984,397)	(1,187,815)
Miscellaneous Expenditure (To the extent not written off or adjusted)	11	-	4,449
Profit and Loss Account		3,888,920	2,846,224
TOTAL		1,954,848	1,716,580
Notes to Account	20		

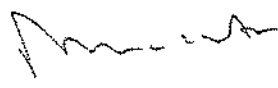
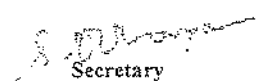
The schedules referred to above and notes to accounts form an integral part of the Balance Sheet


As per our report of even date


For S.R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors


per Sunil Bhumraikar
Partner
Membership No. 35141


Chairman

Secretary


Director



Place: Chennai
Date: June 29, 2009

Place: Delhi
Date: June 29, 2009

HTL LIMITED

Profit and Loss Account for the year ended 31st March 2009

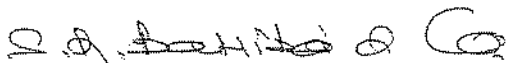
	Schedules	Year ended 31st March 2009 Rs. in 000s	Year ended 31st March 2008 Rs. in 000s
INCOME			
Turnover (Gross)	12	382,642	43,494
Less: Excise Duty		(2,518)	(1,509)
Turnover (Net)		380,124	41,985
Impact of price revision on sales of earlier years		-	7,757
Other Income	13	13,809	138,559
		<u>393,933</u>	<u>188,301</u>
EXPENDITURE			
Materials & Components Consumed	14	407,349	34,750
Excise Duty		519	1,207
Personnel Expenses	15	149,950	152,791
Advertising and Other Expenses	16	490,525	66,771
Provision for Doubtful Debts and Advances (net)		6,837	22,471
Provision for Inventory (net)	17	(50,426)	7,692
Decrease in Inventories	18	47,972	(252)
Financial Expenses	19	369,515	337,285
Depreciation		8,822	11,735
Amortisation of Voluntary Retirement Scheme Expenditure		4,450	4,944
		<u>1,435,513</u>	<u>639,394</u>
Loss for the year before tax		(1,041,580)	(451,093)
Less: Fringe Benefit Tax		1,116	803
Loss After Tax		(1,042,696)	(451,896)
Add: Balance brought forward from Previous Year		(2,846,224)	(2,394,328)
		<u>(3,888,920)</u>	<u>(2,846,224)</u>
Earnings Per Share (Basic & Diluted) (Nominal Value per Share Rs. 100/-)		(695.13)	(301.26)

Notes to Account

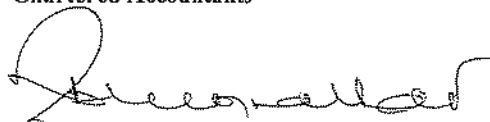
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The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

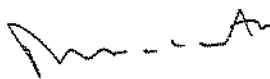


For S.R. Batliboi & Co.
Chartered Accountants



per Sunil Bhumralkar
Partner
Membership No. 35141

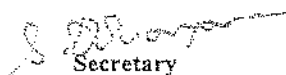
For and on behalf of the Board of Directors



Chairman



Director



Place: Delhi
Date : June 29, 2009

Place: Chennai
Date : June 29, 2009



HTL LIMITED

Cash Flow Statement for the year ended March 31, 2009

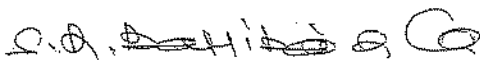
	2008-2009 Rs in 000s	2007-2008 Rs in 000s
A. Cash Flows from/(used in) Operating Activities		
Net Loss before Taxation	(1,041,580)	(451,093)
Adjustments for:		
Depreciation	8,822	11,735
Loss/Profit on Disposal of Fixed Assets (net)	(35)	(103)
Foreign Exchange Loss/Gain (net)	274,714	(82,746)
Interest Income	(12,500)	(20,557)
Interest Expense	359,249	327,050
Provision for Inventory	(50,426)	7,692
Excess Liabilities Written Back	-	(465)
Provision for Doubtful Debts and Advances	6,837	22,471
(Increase)/Decrease in Miscellaneous Expenditure to the extent not written off	4,449	4,944
Operating Loss before Working Capital Changes	(450,470)	(181,072)
Movements in Working Capital :		
(Increase)/ Decrease in Sundry Debtors	(13,483)	925,848
Decrease in Inventories	91,165	(33,281)
(Increase)/ Decrease in Loans and advances	8,128	(2,011)
(Increase)/ Decrease in Other current assets	(24,325)	-
Increase/(Decrease) in Current Liabilities	254,010	(482,907)
Cash Generated from Operations	(134,975)	226,577
Direct Taxes Paid (Net of Refunds)	(16,816)	(38,378)
Net Cash from/(used in) Operating Activities	(151,791)	188,199
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(5,472)	(5,801)
Proceeds from sale of fixed assets	82	795
Increase in term deposits made with banks during the year	-	(190,109)
Decrease in Term Deposits with Banks, redeemed during the year	177,578	117,211
Interest Received	12,032	22,112
Net Cash from/(used in) Investing Activities	184,220	(55,792)
C. Cash Flows from Financing Activities		
Repayments of Short - Term Borrowings	(45,628)	(64,767)
Proceeds from Short-Term Borrowings	30,000	-
Interest Paid	(15,678)	(66,192)
Net Cash from/(used in) Financing Activities	(31,306)	(130,959)
Net Decrease in Cash and Cash Equivalents (A + B + C)	1,123	1,448
Cash and Cash Equivalents at the Beginning of the Year	6,315	4,867
Cash and Cash Equivalents at the End of the Year	7,438	6,315

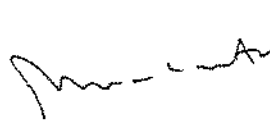
Components of Cash and Cash Equivalents as at *	March 31, 2009 Rs. In 000s	March 31, 2008 Rs. In 000s
Cash and Cheques on Hand	421	152
With banks - on Current Account	7,017	6163
Cash and Cash Equivalents at the End of the Year	7,438	6,315

* Cash and cash equivalents do not include term deposits pledged with banks, not readily available for encashment.

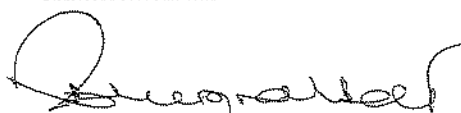
As per our report of even date

For and on behalf of the Board of Directors


For S.R. BATLIBOI & CO.,
Chartered Accountants




Director


per Sunil Bhumralkar
Partner
Membership No. 35141

Chairman

Secretary

Place: Chennai
Date: June 29, 2009



Place: Delhi
Date: June 29, 2009

HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

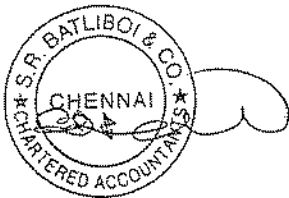
	As at 31.03.2009 Rs.in 000's	As at 31.03.2008 Rs.in 000's
Schedule 1 : Capital		
Authorised Capital		
2,000,000 Equity Shares of Rs.100 each	200,000	200,000
Issued, Subscribed and Paid up capital		
1,500,000 Equity Shares of Rs. 100 each	150,000	150,000
	150,000	150,000

Note:

1. Out of the above, 82,000 shares (Previous Year 82,000) allotted as fully paid Bonus Shares by Capitalisation of General Reserve.
2. Out of the above, 1,110,000 shares (Previous year 1,110,000) are held by Himachal Futuristic Communications Limited, the Holding Company.

	As at 31.03.2009 Rs.in 000's	As at 31.03.2008 Rs.in 000's
Schedule 2 : Reserves and Surplus		
Capital Reserve: *	-	-
	-	-

* Represents Re.1/- for land acquired free of cost from Tamilnadu State Government.



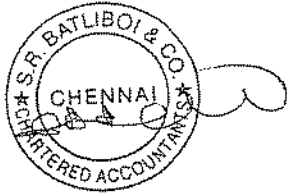
HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 3 : Loan Funds				
Secured :				
From Banks :				
Working Capital Demand Loans *	23,034		23,034	
Cash Credit facilities	704,579		750,207	
Add: Interest accrued and due	<u>818,375</u>	<u>1,545,988</u>	<u>579,392</u>	<u>1,352,633</u>
		<u>1,545,988</u>		<u>1,352,633</u>
Unsecured :				
Loan from Govt. of India **	62,420		62,420	
Add: Interest accrued and due	<u>166,440</u>	<u>228,860</u>	<u>151,527</u>	<u>213,947</u>
Loan from Others		<u>30,000</u>		<u>-</u>
		<u>258,860</u>		<u>213,947</u>
		<u>1,804,848</u>		<u>1,566,580</u>

** Refer Note C - 3 of Schedule 20

** Refer Note C - 4b of Schedule 20

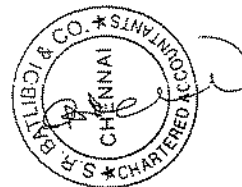


HTL LIMITED
Schedules to the Financial Statements for the year ended March 31, 2009
Schedule 4 : Fixed Assets

Description of Assets	Gross Block				Accumulated Depreciation				Net Block	
	April 1, 2008	Additions	Deletions	March 31, 2009	April 1, 2008	Charge during the year	Deletions	March 31, 2009	March 31, 2009	March 31, 2008
Freehold Land	588	-	-	588	-	-	-	-	588	588
Leasehold Land	244	-	-	244	-	-	-	-	244	244
Buildings	44,741	-	-	44,741	31,451	1,282	-	32,733	12,008	13,290
Plant & Machinery	422,983	7,382	-	430,365	387,873	6,559	-	394,432	35,933	35,110
Furniture & Fixtures	15,671	-	-	15,671	15,264	166	-	15,430	241	407
Vehicles	1,847	245	922	1,170	1,754	46	875	925	245	93
Airconditioning Plant	7,439	-	-	7,439	7,147	124	-	7,271	168	292
Office Equipment	7,621	-	-	7,621	7,326	117	-	7,443	178	295
Data Processing Equipment	20,564	60	-	20,624	19,376	528	-	19,904	720	1,188
Total	521,698	7,687	922	528,463	470,191	8,822	875	478,138	50,325	51,507
Previous Year	519,316	3,586	1,204	521,698	458,968	11,735	512	470,191	51,507	51,507

Notes:

i. Plant & Machinery is inclusive of Testing Equipment, Electrical Installations, Research and Development Equipment and Model Telephone Exchange.

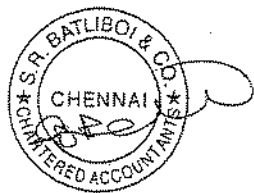


HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 5: Inventories				
Stores and Spare Parts:				
Stores and Spares	5,324		5,362	
Dies, Jigs and Fixtures	-		-	
	<u>5,324</u>		<u>5,362</u>	
Less: Provision for Non Moving	<u>4,973</u>	351	<u>4,973</u>	389
Materials and Components (including Material in Transit and under inspection Rs. 4.64 lacs, Previous year Rs. 1,648.53 lacs)	181,799		224,954	
Less: Provision for Non Moving	<u>176,015</u>	5,784	<u>176,015</u>	48,939
Finished Goods	14,290		11,735	
Less: Provision for Non Moving	<u>11,735</u>	2,555	<u>11,735</u>	-
Work-in-Progress	52,897		103,424	
Less: Provision for Non Moving	<u>30,359</u>	22,538	<u>80,785</u>	22,639
		<u>31,228</u>		<u>71,967</u>

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 6: Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	724,842		847,645	
Considered Doubtful	346,001		340,427	
Other Debts				
Considered Good	<u>151,708</u>		<u>20,996</u>	
	<u>1,222,551</u>		<u>1,209,068</u>	
Less: Provision for Doubtful Debts	<u>346,001</u>		<u>340,427</u>	
	<u>876,550</u>		<u>868,641</u>	



HTL LIMITED

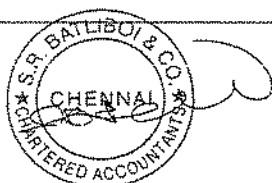
Schedules to the Financial Statements for the year ended March 31, 2009

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 7: Cash & Bank Balances				
Cash in Hand		421		152
Balances with Scheduled Banks:				
On Current Accounts	7,017		6,163	
On Term Deposits	<u>116,070</u>	123,087	<u>293,646</u>	299,809
		<u>123,508</u>		<u>299,961</u>

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 8: Other Current Assets (Unsecured, Considered Good)				
Claims Receivable *		86,810		86,810
Unbilled Revenue		24,325		-
Interest Accrued on Deposits and Others		2,878		2,410
Fixed Assets held for Sale		1,374		1,374
		<u>115,387</u>		<u>90,594</u>

* Refer Note 8 of Schedule 20

	As at 31.03.2009 Rs.in 000's		As at 31.03.2008 Rs.in 000's	
Schedule 9: Loans and Advances (Unsecured)				
Considered Good				
Loans to Employees		360		552
Advances, Recoverable in cash or in kind or for value to be received				
		11,896		20,754
Balances with Customs, Excise etc.		1,000		1,024
Advance income tax (Net of provisions)		25,390		9,690
Deposits - others		<u>40,708</u>		<u>41,024</u>
		79,354		73,044
Considered Doubtful				
Advances, Recoverable in cash or in kind or for value to be received		46,223		44,961
Balances with Customs, Excise etc.		339		339
		<u>46,562</u>		<u>45,300</u>
Less : Provision for Doubtful Advances		(46,562)		(45,300)
		<u>79,354</u>		<u>73,044</u>

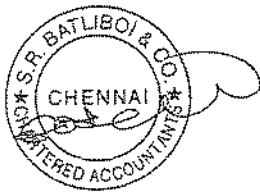


HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	As at 31.03.2009 Rs.in 000's	As at 31.03.2008 Rs.in 000's
Schedule 10: Current Liabilities & Provisions		
a. Current Liabilities :		
Acceptances	-	34,991
Sundry Creditors		
Dues to Small Scale Industrial Undertakings	-	-
Due to others	2,832,596	2,217,365
Advance from Customers	20,200	20,200
Interest Accrued but not Due on Loans	89	89
Other Liabilities	248,731	211,580
	<u>3,101,616</u>	<u>2,484,225</u>
b. Provisions:		
Leave Encashment Benefit	31,169	27,459
Gratuity	77,639	80,338
	<u>108,808</u>	<u>107,797</u>
	<u>3,210,424</u>	<u>2,592,022</u>

	As at 31.03.2009 Rs.in 000's	As at 31.03.2008 Rs.in 000's
Schedule 11: Miscellaneous Expenditure (to the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenditure		
Opening Balance	4,449	9,393
Add : Incurred during the year	-	-
Less: Written - off during the year	4,449	4,944
	<u>-</u>	<u>4,449</u>



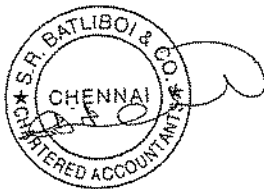
HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 12 : Turnover (Gross)		
Sale of Goods	314,861	17,121
Service Charges	67,781	26,373
	<u>382,642</u>	<u>43,494</u>

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 13 : Other Income		
Interest Received from		
Banks *	12,281	20,118
Others	219	439
Rent	1,046	772
Foreign Exchange Fluctuation (Net)	-	116,492
Profit on Disposal of Fixed Assets (net)	35	103
Excess Provision Written Back	-	465
Scrap Sales	113	61
Miscellaneous	115	109
	<u>13,809</u>	<u>138,559</u>

* Tax Deducted at Source Rs 22.67 lacs (previous year Rs 38.52 lacs)

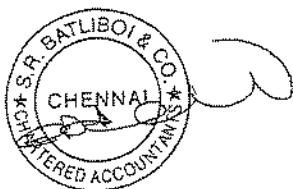


HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 14 : Materials & Components Consumed		
Opening Stock	224,954	191,253
Add: Purchases during the year	316,104	50,210
	<u>541,058</u>	<u>241,463</u>
Less: Closing Stock	<u>181,799</u>	<u>224,954</u>
Outside Labour Charges on Components	359,259 48,090	16,509 18,241
	<u>407,349</u>	<u>34,750</u>

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 15: Personnel Expenses		
Salaries, Wages and Bonus	114,820	113,889
Contribution to Provident and Other Funds	11,524	11,714
Gratuity Expense	11,250	14,925
Workmen and Staff Welfare expenses	12,356	12,263
	<u>149,950</u>	<u>152,791</u>



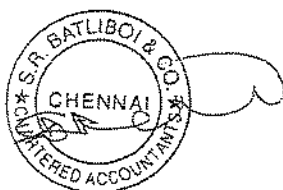
HTL LIMITED

Schedules to the Financial Statements for the year ended March 31, 2009

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 16 : Operating and Other Expenses		
Stores and Spares Consumed	1,008	203
Consumable Tools	33	726
Power and Fuel	3,685	5,020
Repairs and Maintenance:		
Plant and Machinery	-	4
Buildings	3,024	2,594
Others	1,645	929
Rent	4,669	3,527
Rates & Taxes	1,303	1,006
Insurance	101,944	2,400
Freight Outward (Net)	1,163	1,470
Research & Development Expenses	3,438	4,740
Professional & Consultancy charges	21	2,347
Security charges	3,834	3,774
Telephone charges	2,976	2,502
Liquidated Damages on Sales	1,086	1,020
Payment to Auditors	63,748 *	22,478
As Auditors	772	843
For Tax Audit	110	225
Reimbursement of Expenses	88	52
Travelling and Conveyance	7,779	5,562
Directors' Sitting Fees	75	48
Legal expenses	1,547	6,703
General office expenses	419	543
Maintenance of office vehicles	538	547
Foreign Exchange Fluctuation (Net)	274,714	-
Installation & Maintenance	12,517	210
Miscellaneous Expenses	3,058	825
	<u>490,525</u>	<u>66,771</u>

*includes Rs.2.60 crores (Previous year Nil) representing amount recovered from a customer by invoking the bank guarantee drawn in favour of the customer.

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 17 : Provision for Inventory (net)		
Materials and Components	-	(2,835)
Finished Goods	-	7
Work-in-Progress	(50,426)	10,520
	<u>(50,426)</u>	<u>7,692</u>



HTL LIMITED

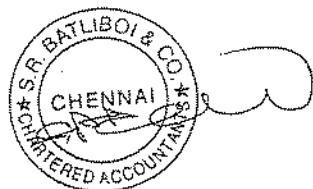
Schedules to the Financial Statements for the year ended March 31, 2009

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
Schedule 18: Decrease in inventories		
Inventories as at 31.03.2009		
Finished Goods	14,290	11,735
Work-in-Progress	<u>52,897</u>	<u>103,424</u>
	<u>67,187</u>	<u>115,159</u>
Inventories as at 31.03.2008		
Finished Goods	11,735	11,760
Work-in-Progress	<u>103,424</u>	<u>103,147</u>
	<u>115,159</u>	<u>114,907</u>
	<u>47,972</u>	<u>(252)</u>

	Year Ended 31.03.2009 Rs.in 000's	Year Ended 31.03.2008 Rs.in 000's
--	---	---

Schedule 19: Financial Expenses

Interest :			
To Banks			
On Cash Credit and others	251,848	233,493	
On Government of India Loan	14,913	14,713	
To Others	<u>92,488</u>	<u>78,844</u>	327,050
Bank Charges		<u>10,266</u>	<u>10,235</u>
		<u>369,515</u>	<u>337,285</u>



**SCHEDULE 20
NOTES TO ACCOUNTS**

A. NATURE OF OPERATIONS

HTL Limited ("the Company") has been engaged in manufacture of various types of Digital Electronic Telephone Exchange Equipment for rural and urban networks, Power Plants, Telephone Instruments, Transmission Systems (DCME, MUXs, SDH, Dias), Access Products (WLL-CORdect, HDSL, DLC, PMP) and Data Communication Products (Cross Connects, Data Modems and Internet Products). The Company was a wholly owned undertaking of Government of India ('GOI') under the Department of Telecommunications ('DOT') till 16th October 2001 when the Government divested 74 % of its shareholding in the Company as part of its divestment program, including transfer of management control, to Himachal Futuristic Communications Limited (HFCL), which is now the Holding Company.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies Accounting Standards Rules, 2006 and other relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

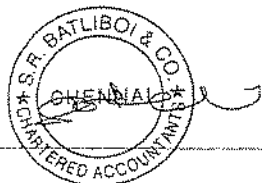
2. Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery at site. Revenue in respect of sales orders received on provisional price basis, is recognized on a provisional basis except to the extent stated otherwise (Refer Note 6 (a) under Section C below). In respect of such sales orders, the Company recognises the differential revenue, being the difference between provisional price and the final price, at the time when the provisional price gets firmed up.

3. Fixed Assets

Fixed assets are stated at cost (Net of Cenvat), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Expenditure for additions, modifications and improvements are capitalized and expenditure for maintenance and repairs are charged to the Profit and Loss Account. When assets are sold or discarded, their costs and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the Profit and Loss Account.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.



4. Depreciation

Depreciation on fixed assets is provided using the straight-line method at the rates mentioned below based on the useful lives of the assets as estimated by the management. These rates are greater than or equal to the corresponding rates prescribed in Schedule XIV to the Companies Act 1956.

Assets Description	SLM Rates on estimated life	Rates as per Schedule XIV to the Companies Act 1956
Factory Buildings	5%	3.34%
Staff Quarters	2.5%	1.63%
Plant and Machinery	12%	4.75%
Data Processing Equipment	16.21%	16.21%
Furniture and Fixtures	10%	6.23%
Office Equipment	15%	13.91%
Telephone Exchange (Model)	6%	4.75%
Electrical Installation	10%	4.75%
Research and Development Equipment	10%	4.75%
Vehicles	20%	9.5%
Air Conditioning Plant	15%	15%

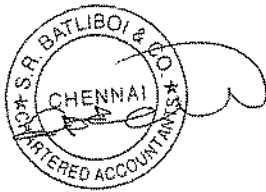
Depreciation is charged for the full year in respect of additions during the year. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of addition.

5. Inventory Valuation

Inventories are valued as follows:

- (i) Materials, Components and Stores & Spares: Lower of cost and net realizable value. Cost is determined on a quarterly moving weighted average basis.
- (ii) Dies, Jigs and Fixtures: Written off at 12.5% p.a. on the original cost. Manufactured Tools each costing Rs.5,000/- or less are charged off in full in the first year of use.
- (iii) Work in Progress and Finished Goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of material included in work in progress and finished goods, is determined on quarterly moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and to make the sale.



6. Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on re-statement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

7. Retirement and other Employees' Benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.

(ii) Gratuity liability is a defined benefit obligation. The Company has taken a policy under the Group Gratuity Scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees and amount paid/payable arrived at on the basis of actuarial valuation on projected unit credit method made at the end of each financial year, is charged to Profit & Loss Account.

(iii) Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

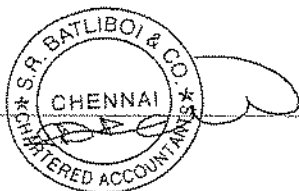
(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

8. Miscellaneous Expenditure

Voluntary Retirement Scheme expenditure is amortized over a period of three years.

9. Income Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably



certain that future taxable income will be available against which such deferred tax assets can be realised.

10. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

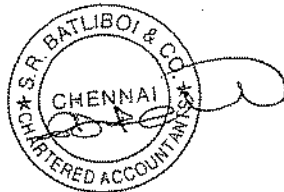
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

12. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



C. NOTES ON ACCOUNTS

1. Contingent Liabilities (not provided for):

	Particulars	(Rupees in thousands)	
		2008-09	2007-08
A.	Unredeemed bank guarantees.	120,165	2,650
B.	Demands received from excise/sales tax /income tax authorities. *		
(a)	Sales tax demands for non submission of C and D Forms	8,851	8,851
(b)	Interest on sales tax demand for the matter referred in Note 7 (b) (ii) below.	68,635	62,005
(c)	Income tax demand for penal interest on additional liability for disallowance of provision for inventory	805	805
(d)	Demand for excise duty on estimated additional sales against notional interest on advance received from the customers	15,104	15,104
(e)	Penalty leviable on account of delay in payment of excise duty.	1,000	51,800

* Based on discussions with the solicitors/favorable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

2. The Company has incurred loss of Rs. 1,042,696 thousands (Previous year Rs. 451,896 thousands) during the current year and has accumulated losses of Rs. 3,888,920 thousands (Previous year Rs 2,846,224 thousands) as at March 31, 2009, resulting in negative net worth of Rs 3,737,410 thousands (Previous year Rs. 2,700,673 thousands). The Company's current liabilities exceed its current assets by Rs. 1,984,397 thousands as of that date. Further, the Company has overdrawn borrowings from banks by Rs. 492,613 thousands (Previous year Rs 530,940 thousands) and also has overdue loans from Government of India amounting to Rs. 62,420 thousands (Previous year: Rs 60,420 thousands) together with interest accrued and due thereon of Rs. 166,440 thousands (Previous year: Rs 151,527 thousands). The turnover during the current year is Rs 380,124 thousands (Previous Year: Rs 41,985 thousands). Due to lack of orders for existing products from BSNL during the year and the shortfall in working capital required to diversify into new telecom products, the operations of the Company have been substantially curtailed. The Company has already made reference to Board for Industrial and Financial Reconstruction under Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, in an earlier year for being declared as a Sick Industrial Company. The Company has been declared as a Sick Industrial Company vide order 261/2003 dated June 16, 2009 subsequent to the final hearing held on June 8, 2009. During the year, State Bank of India, has, on behalf of the consortium banks, issued a notice to the Company u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 requiring the Company to discharge its full dues within 60 days from the date of the notice i.e. April 18, 2009. The Company has also received a notice from the Income Tax



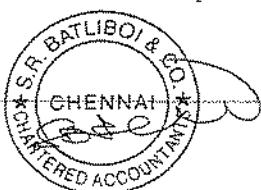
department wherein the department has provisionally attached the assets of the Company against dues that could arise on completion of assessment proceeding. The Company is in the process of discussions with the bankers and the Income Tax Department on the matter.

The Company's ability to continue as a going concern in spite of the present losses is dependent upon infusion of funds for its operations. In the previous year, the Company decided to sell the free hold land of 11.02 acres ('the land') situated in the Developed plot in Thiru Vi Ka Industrial Estate, Guindy Chennai and held an e - auction at a consideration of Rs 27.10 crores per acre after obtaining the permission of the Ministry of Communications and Information Technology. However based on the request of Small Industrial Development Corporation ('SIDCO'), the Government of Tamil Nadu decided to take back the land and to pay market value prevailing on the date of the relinquishing of the land. SIDCO informed that the Company did not obtain the permission from the Department of Industries & Commerce as per the condition laid down in the Assignment Deed before the auction. During the current year, the Company has obtained a favorable order against the actions taken by SIDCO/Government of Tamilnadu. The Writ Appeal filed by the Government of Tamil Nadu against this has also been dismissed by the High Court of Madras.

Management plans to complete all the formalities and expects to sell its land of 11.02 acres, the proceeds of which will be available to settle its outstanding liabilities. The Company has also received substantial orders for erection of Telecom Towers and is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In expectation of the successful outcome of the above proposals, the financial statements have been prepared on a going concern basis.

3. Secured loans from banks and interest accrued and due include Rs. 397,011 thousands on account of dues to IndusInd Bank. IndusInd bank has assigned the loan to Pegasus Assets Reconstruction Private Limited (an Asset Management Company).
4. a) Working Capital Demand Loans and Cash Credit facilities from Banks shown in Schedule 3 are secured by pari-passu first charge on the inventories, receivables, moveable fixed assets of the Company and equitable mortgage of the Company's immovable properties viz. land measuring 11.021 acres situated at Thiru Vi Ka Industrial Estate, Guindy Chennai and another land measuring 2.56 acres at Lucky Bungalow Premises in Guindy Industrial Estate, Chennai together with buildings and erections thereon.

b) Loan of Rs.62,420 thousands (Previous year Rs.62,420 thousands) together with interest accrued and due thereon of Rs.166,440 thousands (Previous year Rs. 151,527 thousands) is due to Government of India (GOI). As at March 31, 2009 out of the total loan of Rs.62,420 thousands an amount of Rs. 62,420 thousands (Previous year Rs 60,420 thousands) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs.34,700 thousands compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan. [Refer Note.8 below].
5. a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 27.30 acres, the name of



the Company has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Company are in progress. In respect of the balance land of 3.69 acres, the name of the Company has not been entered in the revenue records of Government of Tamil Nadu.

b) The Company has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Company from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under lease cum sale transaction in 1983. SIPCOT has issued notice to the Company under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender unused land aggregating to 11.05 acres out of above. The Company has requested for extension of time till August 2009 and submitted the plan of manufacturing Telecommunication Tower Material at Hosur, the outcome of the said is still awaited.

6. (a) As at 1.04.2008, aggregate sales amounting to Rs. 1,359,377 thousands, inclusive of excise duty and sales tax (as certified by the management) was pending fixation of final price from Bharat Sanchar Nigam Limited (BSNL) (formerly Department of Telecom Services) and had been accounted for on provisional price basis in earlier years. Out of the same, no provisional sales was firmed up during the year and along with the current year provisional sales of Rs 296,843 thousands are still pending for firm price fixation. Adjustments on account of firm price orders received subsequent to the close of the year in respect of provisional sales effected upto March 31, 2009 have been made in the accounts. The impact of the firm price orders, which can be higher or lower than the provisional price, will be reflected in the books as and when such firm price is fixed by BSNL.

(b) From May 11, 2002, against the sales made to BSNL and MTNL, central sales tax at the concessional rate of 4% has been charged against C Forms to be received from them. During the year the Company has performed reconciliation of C Forms received and the sales made till the year ended March 31, 2007 and provided for Rs.98,700 thousands against the tax liability for the cases where C Forms has not been collected till date.

7. (a) Sundry Debtors include Rs.134,185 thousands (Previous year Rs.134,185 thousands) debited to BSNL in an earlier year pertaining to differential sales tax over and above 4 % in respect of purchase orders where scheduled delivery fell after 30.09.2000 and where actual delivery was executed subsequent to 30.09.2000 and upto 31.03.2001. Upto the close of the year, only Rs.3,242 thousands (Previous year Rs.3,242 thousands) have been received out of the total debit notes of Rs.9,544 thousands (Previous year Rs.9,544 thousands) raised on BSNL so far against the above recoverable amount. However, no provision is considered necessary against the outstanding balance as the management is fully hopeful of recovery of the entire amount.

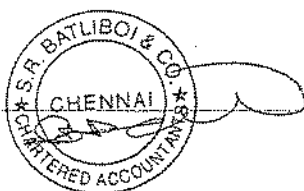
(b) (i) During an earlier year, the Company had raised debit notes amounting to Rs.75,427 thousands on MTNL towards differential sales tax over and above 4% payable against 'C' Form on supplies made during the period 1993-94 to 1997-98. Upto the close of the current year, the Company has received 'C' forms from MTNL for Rs.73,917 thousands (Previous year Rs.73,917 thousands). However, no adjustment for the sales tax forms received has been made in books. The Company has submitted the 'C' forms and the matter is pending for verification of the forms by the sales tax authorities. In the current year, a provision for the balance amount of Rs.1,510 thousands (Previous year Rs.1,510 thousands) has been provided in the books of accounts.



(b) (ii) Interest liability on the delay in payment of differential sales tax as above, has not been provided for in the books in terms of circular no. Acts Cell-IV/45217/2000/04.11.2000 issued by Commissioner of Commercial Taxes, where it is clarified that "Where ever no penal interest was levied for the belated payment of tax and penalty under the Central Sales Tax Act, 1956 upto 11.05.2000, no penal interest need to be levied now. The assessing officer can resort to levy of penal interest for the payments made on or after 12.05.2000, the date of publication of Gazette of India". In view of above clarification, the management considers that interest liability, if any, after 11.05.2000 is contingent in nature and the same has been disclosed in Note No. 1 B (b) above.

8. Claims receivable includes Rs.34,700 thousands receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for preclosure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government of India Loan. In reply, the Company requested DoT vide letter no.43.12 ETP dated 08.12.2003 to adjust the compensation amount of Rs.34,700 thousands against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of Rs.34,700 thousands compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. [Refer Note 4(b) above].
10. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, since the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.
11. Sales include sale of the equipments purchased, which also involves testing, installation, commissioning and servicing activities of the equipments at the factory / customers' site. Hence, the purchases of such equipments have been included under purchases of materials & components.
12. During the year with effect from February 1, 2009, Dr. R.M. Kastia has been appointed as a whole time director at the Board Meeting held on March 31, 2009. The terms of remuneration has not yet been fixed by management and consequently no provision has been made in the books of accounts relating to the director's remuneration. The Company is in the process of obtaining necessary approval under Companies Act including approvals under Section 269.
13. a.) Based on information available with the Company, there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

b.) Sundry Creditors as on March 31, 2009 represents payables for which balances have not been confirmed by the vendors / suppliers and the same is subject to reconciliation. However the management believes that there will not be any material change to the balances as reflected in the books of accounts as on March 31, 2009.



14. Related party disclosures

List of related parties -

(a) Names of the related parties where control exists are as under:

Holding company: Himachal Futuristic Communications Limited (HFCL)

Fellow subsidiaries: HFCL Infotel Limited (HFIL)
Monata Finance Private Limited
Infotel Tower Infrastructure (p) Limited

Other companies under common control: Microwave Communications Limited
Exicom Telesystems Limited (ETL)
HFCL Satellite Communications Limited
Westel Wireless Limited
Platinum EDU Limited
HFCL Kongsung Telecom Limited
HFCL Dacom Infocheck Limited
Consolidated Futuristic Solutions Limited (in liquidation)
Infotel Business Solutions Ltd.
Pagepoint Services Private Limited
HFCL Bezeq Telecom Limited
Investment Trust of India Limited

Key management personnel: Mr. D.P.Gupta, Chief Operating Officer and Manager
Dr. R.M. Kastia Whole Time Director

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances at March 31, 2009 and March 31, 2008 are presented in the following table:

(Rs. in thousands)

Particulars	2008-09			2007-08		
	Holding Company	Entities Under Common Control	Key Management personnel	Holding Company	Entities Under Common Control	Key Management personnel
Name of the Party	HFCL	ETL	Chief Operating Officer*	HFCL	ETL	Chief Operating Officer*

a. Transactions during the year

Rent received	427	241		329	128	-
Expenses recovered	234	124		174	59	-
Purchase of goods	4,327	32,548		4	-	-
Sale of services	47,029	-		26,373	-	-
Loan received	-	-		-	-	-



Loan repaid	-	-	5,000**	-	-
Expenses paid	-	-	4,560	-	-

b. Balances

Creditors	109,531	41,396	109,270	2,282	-
Unsecured loan	-	-	-	-	-
Debtors	30,947	-	24,563	-	-
Advances payable	20,200	-	20,200	-	-
Remuneration payable	-	223	-	-	72

* Remuneration paid to the Chief Operating Officer is disclosed in Note 18 (f) below.

** Cheque issued to Holding Company in the earlier year, cancelled in the previous year.

15. Segmental Reporting

a. Primary Segment Information (by Business Segments)

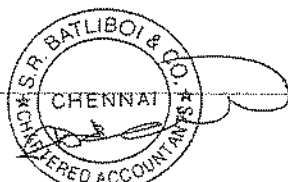
The Company is engaged in the business of design, engineering, manufacturing, procurement, supply, commissioning and servicing of Digital Electronic Telephone Exchange Equipments and other telecom related products. Thus, it operates in a single primary segment.

b. Secondary Segment Reporting (by Geographical Segments)

The Company mainly caters to the needs of the domestic market. Hence there are no reportable geographical segments.

16. Disclosure as per AS-15 revised-Defined Benefit Plans

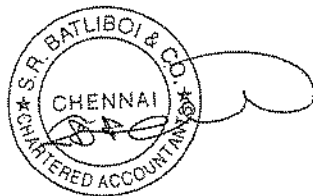
Particulars	Year Ended March 2009	Year Ended March 2008
Obligations at the beginning of the period	81,218	85,434
Current service cost	3,057	2,156
Interest cost	5,942	6,540
Actuarial (gain) / losses	2,331	6,294
Benefits paid	(13,904)	(19,206)
Obligations at the end of the period	78,644	81,218
Change in plan assets		
Plan assets at period beginning, at fair value	880	906
Expected return on plan assets	72	65
Actuarial gain /(loss)	8	3
Contributions	13,949	19,112
Benefits paid	(13,904)	(19,206)
Plan assets at period end, at fair value	1,005	880



Reconciliation of present value of the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	1,005	880
Present value of defined benefit obligations at the end of the period	78,644	81,218
Asset/ (Liability) recognised in the balance sheet	77,639	(80,338)
Gratuity cost for the period		
Current service cost	3,057	2,156
Interest cost	5,942	6,540
Expected return on plan assets	(72)	(65)
Actuarial (gain) / losses	2,323	6,294
Net gratuity cost	11,250	14,925
Particulars	Year Ended March 2009	Year Ended March 2008
Defined Benefit Obligation	78,644	81,218
Plan Assets	1,005	880
Surplus / (deficit)	(77,639)	(80,338)
Experience adjustments on plan liabilities	2,331	6,199
Experience adjustments on plan assets	8	3
Assumptions:		
Interest rate	8%	8%
Estimated return on plan assets	8%	8%
Weighted average increase in compensation	5%	4.5%
Attrition Rate	1-3%	1-3%
Retirement expectancy in years	58	58

17. Earnings Per Share:

	March 31, 2009	March 31, 2008
Number of Equity Shares outstanding at the end of the year of Rs. 100 each fully paid up	1,500,000	1,500,000
Loss for the year (Rs. In thousands)	(1,042,696)	(451, 896)
Basic and Diluted Earnings Per Share (in-Rs.)	(695.13)	(301.26)



18. Additional information pursuant to the provisions of paragraphs 3, 4(c) & (d) of Part II of Schedule VI of the Companies Act, 1956 (As certified by the management)

(a) Details of capacity and production: (As certified by the management)

Description	Unit	Installed Capacity	Actual Production	
			2008-09	2007-08
Switching Products	No. of 'K' Lines	1,500	-	-
Power Plant	Nos.	2,000	-	-
EPBT	Nos.	500,000	-	-
STM- Rail Tel	Systems	-	-	-
NIB - Broadband	Systems	-	-	-
Corduct: Infra	No. of Lines	50,000	-	-
Corduct: FRS	No. of Lines	50,000	-	-
Integrated Fixed Wireless Terminal	Nos.	*	167,000	-
STM (ADM's)	Nos.	*	960	-
STM (CPE's)	Nos.	*	3,688	-

* - The capacity for the above has not been estimated by management since this was the first year of manufacture of the above products by the company and annual production capacity cannot be specifically identified currently.

(b) Particulars in respect of Sales & Stocks of Finished Goods:

	Class of Goods	Units	Opening Stock (net of provisions)		Sales***		Closing Stock (net of provisions)	
			Qty.	Rs. in '000s	Qty.	Rs. in '000s	Qty.	Rs. In '000s
i)	Transmission Products STM/DIAS/DLC	Nos.						
			(-)	(-)	(-)	(-)	(-)	(-)
ii)	STM (ADM & CPE)	Nos.			4,648	101,219		
		(Systems)	(-)	(-)	(-)	(1,181*)	(-)	(-)
iii)	EPBT	Nos	-	-	-	-	-	-
			(125)	(32)	(-)	(-)	(-)	(-)
iv)	NIB	None	-	-	-	9,666*		
		(Systems)	(-)	(-)	(-)	(7,542*)	(-)	(-)
v)	IFWT	Nos	-	-	165,000	195,624	2,000	2,743
			-	-	-	-	-	-
vi)	Tower	None	-	-	-	1,981	-	-
			-	-	-	-	-	-



vii)	Railtel	None	-	-	-	461	-	-
			-	-	-	-	-	-
v)	Others**					3,392		
				(-)		(6,889)		(-)
	Total					312,343	2,000	2,743
				(32)		(15,612)	-	(-)

* Refer Note No. 11

**In view of various items of different nature and specifications, the quantitative details are not furnished.

*** Excluding the value of sales relating to earlier years, firmied up during the year.

Figures in brackets are for previous year.

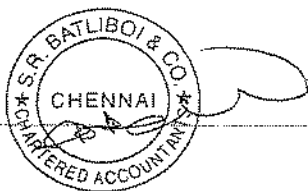
(c) Particulars in respect of Materials and Components, Stores and Spares consumed: (as certified by the management)

a). Materials

	Class of Material	2008-09			2007-08		
		Qty. M. Tons	(Rs. In thousands)		Qty. M. Tons	(Rs. in thousands)	
			Imported	Indigenous		Imported	Indigenous
a)	Steel	42,335	-	2,077	1,763	-	80
b)	Aluminium	0.022	-	2	0.026	-	4
c)	Brass, Bronze, Copper and Metal	-	-	-	0.108	-	8
	Sub - Total (a)		-	2,079		-	92
			0.00%	100%		0.00%	100%

b). Components*

	Class of Material	2008-09		2007-08	
		(Rs. In thousands)		(Rs. In thousands)	
		Imported	Indigenous	Imported	Indigenous
a)	Steel	-	41	57	316
b)	Plastic / Rubber	-	3	-	9
c)	Electrical / Cable	55	121	2,302	637
d)	Electronic	228,294	109,981	12,908	188
e)	Mechanical / Paper	919	17,766	-	-
	Sub - Total (b)	229,268	127,912	15,267	1,150
	Total (a + b)	64%	36%	93%	7%
		229,268	129,991	15,267	1,242



* It is not practicable to furnish quantitative information of components consumed in view of the considerable number of items, diverse in size and nature.

c). Stores and Spares

Particulars	Value (Rs. in thousands)		% of Total Consumption	
	2008-09	2007-08	2008-09	2007-08
Indigenous	1,008	203	100 %	100%

(d) C. I. F. value of imports

		(Rs. in thousands)	
Particulars		2008-09	2007-06
i)	Materials and Components	216,782	7,744
ii)	Capital Goods	5,854	2,170

(e) Expenditure in Foreign Currency (On Cash Basis)

		(Rs. in thousands)	
Particulars		2008-09	2007-08
Foreign Travel		-	238

(f) Remuneration paid to Chief Operating Officer (Manager) *:

		(Rs. in thousands)	
		2008-09	2007-08
Salary and Allowances		1,744	1,862
Contribution to Provident Fund		115	103
Other Benefits		244	348
Retirement Benefits		-	394
Total		2,103	2,707

*The share of Gratuity and Leave liability of accumulated benefit have not been ascertained separately and not included above.

- 19 The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

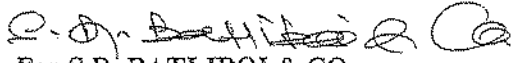
Particulars	Currency	March 31, 2009		March 31, 2008	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	23,023,645	1,181,857,260	23,501,633	942,415,485
	EURO	599,133	40,842,795	599,133	38,035,981
	JPY	510,250	268,519	510,250	206,243



20. Previous year's figures have been regrouped and/or re-arranged wherever necessary to conform to current year's grouping and classifications.


Signatures to Schedules 1 to 20

In terms of our attached report of even date



For S.R. BATLIBOI & CO.

Chartered Accountants

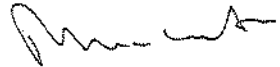


For Sunil Bhumralkar

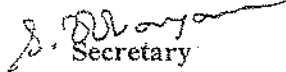
Partner

Membership 35141

For and on behalf of the Board of Directors



Chairman



Secretary



Director

Place : Chennai

Date : June 29, 2009

Place : New Delhi

Date : June 29, 2009

