

INDEPENDENT AUDITOR'S' REPORT

TO THE MEMBERS OF HTL LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of HTL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

4. Basis for Qualified Opinion

As mentioned in Note 29(a) to the financial statement, the company has not made the provision of interest on short term borrowings amounting to Rs. 60.00 lakhs (Cumulatively Rs. 120.00 Lakhs) on account of pending settlement with the lenders. Accordingly, finance cost would have been increased by Rs. 60.00 lakhs and profit for the year reduced by Rs. 60 lakhs and shareholders' fund would have been reduced by Rs. 120.00 lakhs.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

6. Emphasis of Matter

a) We draw attention to Note 25 and 26 to the financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs.14,994.45 Lakhs (Previous year Rs. 10,799.75 Lakhs) as on balance sheet date. Further, the Company has overdue loans from Government of India amounting to Rs. 624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) and interest accrued and due thereon of Rs. 2715.88 Lakhs (Previous year: Rs 2565.66 Lakhs). The turnover during the period ended 31, March 2016 is Rs. 2723.34 Lakhs (Previous Year: Rs. 218.49 Lakhs). These factors raise doubts that the Company will not be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and during the year, the company has set up a manufacturing plant for manufacture of optical fibre cables and Fiber-to-home cables. In view of the above, the

financial statements have been prepared on a going concern basis. Our report is not qualified in respect of this matter.

b) We draw attention to Note No.33 to the financial statement, the Company has paid remuneration to managerial personnel during the year for which approval of central government is yet to be obtained. Our report is not qualified in respect of this matter.

7. Report on Other Legal and Regulatory Requirements

A) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

B) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and, *except for the matters described in the Basis of Qualified Opinion paragraph*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) *Except for the effects of the matter described in the Basis for Qualified Opinion* above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) *Except for the effects of the matter described in the Basis for Qualified Opinion*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For KHANDELWAL JAIN & Co
Chartered Accountants
(Firm's Registration No. 105049W)

Manish Singhal
Partner
Membership No. 502570

Place: New Delhi
Date: 02nd May, 2016

ANNEXURE - A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 6A of the Auditors' Report of even date to the Members of HTL Limited on the accounts for the period ended 31st March, 2016;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

Particular of Assets	Value of Assets	Remark
30.99 acres land at Guindy Industrial Area, Chennai	Rs. 1	Refer Note No. 28(a)

- II. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- III. As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable.
- IV. As per the information furnished, the Company has not made investments, given loans, guarantees and securities as per the provisions of section 185, 186 of the Companies Act 2013.
- V. According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.

VII. (a) According to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, though there have been a slight delay in a few cases. According to the information and explanations given to us and as certified by the management, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, excise duty 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, except as follows:

SL. No	Name of the Statute	Nature of Dues	Amounts In Rs./lakhs	Due Date
1	Income Tax Act	Tax Deducted at source	12.32	Various Dates

(b) According to the information and explanations given to us and as certified by the management, there are no dues outstanding of income-tax, sales-tax and excise duty on account of any dispute.

VIII. Based on our audit procedures and the information and explanations given to us, the company has defaulted in repayment of dues to government, the defaults during the year and/or as on balance sheet date i.e. 31st March, 2016 are as follows:

Loan from Govt. of India		Amount in Rs. Lakhs
Period of Default	Principal	Interest
More than 5 years	624.20	1964.83
More than 3 to 5 years	-	300.42
More than 1 to 3 years	-	300.42
June '15	-	37.55
Sep '15	-	37.55
Dec '15	-	37.55
Mar '16	-	37.56

IX. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- X. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- XI. *According to the information and explanations given to us and based on our examination of the records of the Company, as mentioned in Note No.33 of the financial statements, during the year the company has paid managerial remuneration amounting to Rs. 203.79 lakhs with the approval of Annual General Meeting by special resolution, for which approval of Central Government is yet to be obtained as required under section 197 read with Schedule V to the Companies Act 2013.*
- XII. The company is not a NIDHI company, accordingly, paragraphs 3(XII) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- XIV. During the year company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures.
- XV. According to the information and explanations given to us and as certified by the management the company has not entered into any non-cash transactions with directors or persons connected with him.
- XVI. The company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Manish Singhal
Partner
Membership No 502570

Place: New Delhi
Date: 02nd May, 2016

ANNEXURE - B TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF HTL LIMITED

We have audited the internal financial controls over financial reporting of HTL Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Manish Singhal
Partner
Membership No 502570

Place: New Delhi
Date: 02nd May, 2016

HTL LIMITED
BALANCE SHEET AS AT 31st March, 2016

In Rs./Lakhs

Particulars	Note No.	Figures as at 31 st March, 2016	Figures as at 31 st March, 2015
I EQUITY AND LIABILITY			
(1) Shareholders Funds			
(a) Share Capital	1	1,500.00	1,500.00
(b) Reserve & Surplus	2	(11,662.64)	(11,900.00)
(2) Non- Current Liabilities			
(a) Long Term Borrowings	3	0.81	3.06
(b) Long Term Provision	4	166.21	220.58
(3) Current Liabilities			
(a) Short Term Borrowings	5	2,400.00	1,755.00
(b) Trade Payables	6	7,216.92	1,841.99
(c) Other Current Liabilities	7	11,498.60	11,014.48
(d) Short Term Provision	8	31.35	43.44
		11,151.25	4,478.55
II ASSETS			
(1) Non Current Assets			
Fixed Assets			
(i) Tangible Assets	9	4,998.82	299.09
(ii) Capital Work in Progress			324.31
(2) Current Assets			
(a) Inventories	10	1,631.84	6.51
(b) Trade Receivables	11	1,663.76	615.93
(c) Cash & Bank Balances	12	1,720.83	2,552.93
(d) Short-term Loans & Advances	13	507.32	319.04
(e) Other Current Assets	14	628.68	360.74
		11,151.25	4,478.55

As per our report of even date attached

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

For and on behalf of the Board of Directors

MANISH SINGHAL
Partner
M.No. 502570

MAHENDRA NAHATA
Chairman

M.P.SHUKLA
Director

Place : New Delhi
Date : 02/05/2016

S.NARAYANAN
Company Secretary

N. THANGARAJ
C F O

HTL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2016

In Rs./Lakhs.

Particulars	Note No	Figures for the year ended 31 st March, 2016	Figures for the year ended 31 st March, 2015
I Revenue From Operation Less: Excise Duty	15	3,063.76 (340.42)	227.60 (9.11)
II Other Income	16	2,723.34	218.49
III Increase in Stock	18	1,273.74	13,753.92
IV Total Revenue		616.57	-
V EXPENDITURE		4,613.65	13,972.41
Cost of Material Consumed	17	3,315.74	208.90
Employee Benefits Expenses	19	305.85	864.89
VRS Expenditure		-	283.50
Finance Cost	20	295.09	168.53
Depreciation	9	128.87	28.20
Other Expenses	21	330.74	253.65
Total Expenses		4,376.29	1,807.67
VI Profit before Exceptional Items, Extraordinary Items and Tax (III- IV)		237.36	12,164.74
VII Profit before Extraordinary Items and Tax (V-VI)		237.36	12,164.74
VIII Extraordinary Items		-	-
IX Profit before Tax (VI-VIII)		237.36	12,164.74
X Less: Tax Expense: Current Tax Deffered Tax		-	-
XI Profit / (Loss) for the year (V - VI)		237.36	12,164.74

As per our report of even date attached

For KHANDELWAL JAIN & CO.

Chartered Accountants

Firm Regn No. 105049W

MANISH SINGHAL

Partner

M.No. 502570

Place : New Delhi

Date : 02/05/2016

For and on behalf of the Board of Directors

MAHENDRA NAHATA

Chairman

M.P.SHUKLA

Director

S.NARAYANAN

Company Secretary

N. THANGARAJ

C F O

HTL LIMITED

Cash Flow Statement for the year ended March 31, 2015

Particulars	2015-2016 Rs./Lakhs	2014-2015 Rs./Lakhs
A. Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation		
Adjustments for:	237.36	12,164.74
Depreciation		
Unrealised Foreign Exchange Loss/(Gain) (net)	128.87	28.20
Interest Income	17.88	13.18
Interest Expense	(67.36)	(208.43)
Profit on sale of fixed assets	287.00	168.00
Provisions Written Back	(138.35)	-
Liabilities Written Back	-	-
Operating Loss before Working Capital Changes	(323.83)	(13,525.46)
Adjusted for:	141.58	(1,359.77)
Inventories		
Trade & Other Receivables	(1,625.33)	-
Trade & Other Payables	(1,496.72)	3,498.74
Cash Generated from Operations	6,228.32	(1,071.77)
Direct Taxes Paid (Net of Refunds)	3,247.85	1,067.20
Net Cash from/(used in) Operating Activities	(7.33)	(32.11)
	3,240.52	1,035.09
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets including CWIP		
Sale of Fixed Assets (Net of Advance)	(4,719.08)	(349.97)
Advance against sale of Land	353.13	-
Decrease/(increase) in Term Deposits with Banks		
Interest Received	1,519.51	35.91
Net Cash from/(used in) Investing Activities	67.36	208.43
	(2,779.07)	(105.63)
C. Cash Flows from Financing Activities		
Proceeds from Long-Term Borrowings		
Repayments of Long-Term Borrowings		
Repayments of Short - Term Borrowings	(2.00)	(1.78)
Proceeds from Short-Term Borrowings	(1,255.00)	(2,100.00)
Interest Paid	1,900.00	855.00
Net Cash from/(used in) Financing Activities	(417.03)	(17.79)
	225.97	(1,264.57)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	687.41	(335.11)
Cash and Cash Equivalents at the Beginning of the Year	628.78	963.89
Cash and Cash Equivalents at the End of the Year	1,316.19	628.78

Notes :-

- The Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow statement issued by The Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Previous year figures have been re-grouped and recasted wherever necessary to conform to current year classification.
- Cash and cash equivalents include* :

	March 31, 2016 (Rs. /Lakhs)	March 31, 2015 (Rs. /Lakhs)
Cash and Cheques on Hand	3.68	3.24
With banks - on Fixed Deposit Account - Maturity less than 3 months	1,002.04	453.38
With banks - on Current Account	310.47	172.16
Cash and Cash Equivalents at the End of the Year	1,316.19	628.78

* 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 KHANDELWAL JAIN & CO
Chartered Accountants
Firm Registration Number 105049 W

MANISH SINGHAL
Partner
M.No. 502570

MAHENDRA NAHATA
Chairman

M.P.SHUKLA
Director

Place : New Delhi
Date : 02/05/2016

S.NARAYANAN
Company Secretary

N. THANGARAJ
C F O

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"1" - SHARE CAPITAL	Figures as at 31 st March, 2016	Figures as at 31 st March, 2015
	Rs. In Lakhs	Rs. In Lakhs
AUTHORISED 2,000,000 (Previous year-2,000,000 of Rs.100/- each) Equity Shares of Rs.100/-	2,000.00	2,000.00
ISSUED,SUBSCRIBED & PAID UP 1,500,000 (Previous year-1,500,000 of Rs.100/- each) Equity Shares of Rs.100/-	1,500.00	1,500.00
TOTAL	1,500.00	1,500.00

Of the above:

i) 82,000 (Previous year-82,000) Equity Shares of Rs.100/- each (41,000 shares issued on 30/06/1973 and 41,000 shares on 05/01/1983), fully paid up were allotted as fully paid up bonus shares by capitalisation of General Reserves.

ii) 1,110,000 (Previous year-1,110,000) Equity Shares of Rs.100/- each are fully paid up, are held by the Holding Company, Himachal Futuristic Communication Limited.

iii) Shareholders holding more than 5 percent shares

Name of Shareholder	31st March, 2016		31st March, 2015	
	%	No. of Shares	%	No. of Shares
Himachal Futuristic Communications Ltd.	74.00	11,10,000	74.00	11,10,000
Govt. of India represented by President of India	25.99	3,89,996	25.99	3,89,996

iv) The reconciliation of the number of shares outstanding as at 31st March, 2016 is set out below:

Particulars	Number of Shares as at 31st March, 2016	Number of Shares as at 31st March, 2015
	Number of shares at the beginning	1,500,000
Add: Shares issued during the year	-	-
Number of shares at the end	1,500,000	1,500,000

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"2" -RESERVES & SURPLUS	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Capital Reserve:		
Opening balance	-	-
Add: Addition During the year	-	-
Less:Utilised during the year	-	-
Closing Balance	-	-
Profit & Loss Account:		
Opening Balance		
Add: Carrying amount of the assets where the remaining useful life is NIL, as per schedule II of Companies Act, 2013	(11,900.00)	(24,064.63)
Add: Net Profit / (Net Loss) for the current year	237.36	12,164.74
Closing Balance	(11,662.64)	(11,900.00)
TOTAL	(11,662.64)	(11,900.00)

Of the above:

Capital Reserve of Re. 1/- represents amount paid for land acquired free of cost from Tamilnadu State Government.

"3" - LONG TERM BORROWING	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Secured		
Vehicle Loan from Bank	0.81	3.06
TOTAL	0.81	3.06

Note: Vehicle Loans of Rs. 306,441 (Previous Year Rs. 506,287) are secured by way of hypothecation of the respective vehicles. This loan is repayable in equated monthly instalments and shall be repaid as :

Repayment for the year ended 31st March, 2016	Rs.	Rs.
Financial year 2016-17	Non-Current	Current
Financial year 2017-18	-	225,199
	81,242	-
Repayment for the year ended 31st March, 2015	Rs.	Rs.
Financial year 2015-16	Non-Current	Current
Financial year 2016-17	-	199,846
Financial year 2017-18	225,199	-
	81,242	-

"4" - LONG TERM PROVISION	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Provision for Gratuity	111.83	146.09
Provision for Leave Encashment	54.38	74.49
TOTAL	166.21	220.58

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"5" - SHORT TERM BORROWINGS	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Unsecured Loan from HFCL Loans From Other Parties	1,100.00 1,300.00	1,755.00
TOTAL	2,400.00	1,755.00

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"6" - TRADE PAYABLE	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Others	7,216.92	1,841.99
TOTAL	7,216.92	1,841.99

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"7" - OTHER CURRENT LIABILITIES	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Current maturities for Long term loans from Govt. of India (GOI)	624.20	624.20
from HDFC Bank (Vehicle Loan)	2.25	2.00
Interest accrued and due on GOI	2,715.88	2,565.66
Interest accrued and due on other Borrowing	94.59	687.50
Advance from Customers	7,200.00	6,257.00
Earnest Money Deposit	20.34	20.34
Statutory Dues Payable	120.54	50.89
Other Liabilities	720.80	806.89
TOTAL	11,498.60	11,014.48

7.1 The Company is in default in respect to the repayments of Principal and Interest as under:

Loan from Govt. of India

Period of Default	Amounts	
	Principal	Interest
More than 5 years	624.20	1,964.83
More than 3 to 5 years	-	300.42
More than 1 to 3 years	-	300.42
June '15	-	37.55
Sep '15	-	37.55
Dec '15	-	37.55
Mar '16	-	37.56
Total	624.20	2,715.88

"8" - SHORT TERM PROVISION	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Provision for Gratuity	17.33	21.71
Provision for Leave Encashment	14.02	21.73
TOTAL	31.35	43.44

"9" - FIXED ASSETS

Sr.No.	Description	Gross Block				Depreciation				Net Block	
		Figures as at 31 st March, 2015		Figures as at 31 st March, 2016		Upto 31 st March, 2015		Upto 31 st March, 2016		Figures as at 31 st March, 2015	
		Rs. In Lakhs	Addition Rs. In Lakhs	Deduction Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
1A	Land - Freehold	2.99	-	-	2.99	-	-	-	-	2.99	2.99
1B	Land - Leasehold	2.44	-	-	2.44	-	-	-	-	2.44	2.44
2	Building	447.41	904.78	100.12	1,252.07	-	-	-	-	925.98	55.64
3	Plant & Machinery	4,307.97	4,053.99	4,307.97	4,053.99	-	-	24.81	90.49	3,970.73	214.05
4	Airconditioning Plant	74.39	13.11	74.39	13.11	-	-	0.33	74.39	12.78	-
5	Furniture & Fixtures	156.72	-	156.72	-	-	-	-	156.72	-	-
6	Office Equipments	77.29	12.03	77.21	12.11	-	-	0.59	76.68	11.63	0.72
7	Data Processing Equipment	207.64	40.30	207.64	40.30	-	-	3.59	207.17	37.18	0.94
8	Vehicles	45.29	19.16	-	64.45	-	-	6.38	-	35.09	22.31
	TOTAL	5,322.14	5,043.39	4,924.06	5,441.46	-	5,023.05	128.87	4,709.28	4,998.82	299.09
	Previous Year	5,296.48	25.66	-	5,322.14	0.11	4,994.74	28.20	-	299.09	-
9	Capital Work-in-Progress: Hosur Project	324.31	-	-	-	-	-	-	-	-	324.31
	TOTAL									4,998.82	623.40

1A : Freehold Land of 2.56 acres

1B : Leasehold land of Hosur 15.09 acres.

2 : Buildings includes value for Hosur Building also.

3 : Plant & Machinery is inclusive of Testing Equipment, Electrical installations, Research and Development Equipment and Model Telephone Exchange.

4 : Refer foot note of Note No. 2

* As per the New Companies Act, 2013, where remaining useful life of the assets as at 01st April, 2014 is Nil, remaining WDV of assets is recognized in the opening retained earning.

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"10" -INVENTORY	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Materials & Components		
Finished Goods	946.57	6.51
Work in Progress	532.78	-
TOTAL	1,631.84	6.51

"11" -TRADE RECEIVABLES	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Unsecured, considered good (Debts outstanding For a period Exceeding six month)		
Considered good	309.36	615.93
Considered Doubtful	-	-
Less: Provision for Doubtful Debts	309.36	615.93
Others	309.36	615.93
TOTAL	1,354.40	-
	1,663.76	615.93

"12" -CASH & BANK BALANCES	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Cash & cash equivalent		
Balance with Scheduled Banks in Current Accounts	310.47	172.16
Balance with Scheduled Banks in Fixed Deposit Accounts		
Maturity less than 3 months	1,002.04	453.38
Cash on Hand	3.68	3.24
Balance with Fixed Deposit Accounts		
Maturity 3 to 12 months	-	1,411.33
Maturity more than 12 months	22.16	210.82
FD held as margin money	382.48	302.00
TOTAL	1,720.83	2,552.93

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"13" - SHORT TERM LOANS AND ADVANCES	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Unsecured, considered good		
Other Loans and Advances		
Advances Recoverable in cash or in kind	253.70	63.96
Balance with Customs, Excise etc.	12.02	0.17
Advance income tax (Net)	215.17	207.84
Deposits - Others	26.43	47.07
TOTAL	507.32	319.04

"14" - OTHER CURRENT ASSETS	Figures as at 31st March, 2016 Rs. In Lakhs	Figures as at 31st March, 2015 Rs. In Lakhs
Claims Receivable	347.00	347.00
Fixed Asset held for sale	173.15	13.74
Modvat Receivable	108.53	-
TOTAL	628.68	360.74

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"15" -REVENUE FROM OPERATIONS	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Sales of Product - Hosur - FRP & IGFR	400.23	227.60
Sales of Product - Chennai - OFC	2,663.53	-
Less: Excise Duty	3,063.76 (340.42)	227.60 (9.11)
TOTAL	2,723.34	218.49

"16" -OTHER INCOME	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Interest Income Gross	67.36	208.43
Rental Income	8.65	8.02
Provision no longer required withdrawn for Gratuity & Leave Encashment	11.17	-
Interest provision no longer required written back	312.66	-
Unclaimed Creditors - Liability Outstanding for more than 3 years written back	-	810.56
Written back of Foreign suppliers towards non-validation of Equipments supplied to BSNL	-	636.39
Written back of supplier with respect to amounts deducted by BSNL in supply Bills towards Liquidated Damages etc. for NIB Project	-	2,887.78
Written back of supplier in respect of NIB Project towards Foreign Exchange Variance	-	5,140.05
Provisions made in the past years towards services, withdrawn during the year as no liability exists	-	137.95
Provisions made in the past years towards Liquidated Damages withdrawn as it is no longer required	-	170.11
Recovery of old Debts	290.53	74.66
Insurance Claim - Flood Affected Stock	375.72	-
Provision no longer required written back	-	3,623.50
Waiver by Creditors	-	44.36
Profit on Sale of Fixed Assets	138.35	-
Scrap Sales	67.11	-
Miscellaneous receipts	2.19	12.01
TOTAL	1,273.74	13,753.92

"17" -COST OF GOODS CONSUMED	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Opening Balance	6.51	6.51
Add : Purchases during the year - HTL Hosur FRP	560.39	208.90
Add : Purchases during the year - HTL Chennai OFC	4,143.94	-
	4,710.84	215.41
Less: Transfer to Modvat Receivable	448.53	-
Less: Closing Stock - Chennai OFC	871.26	-
Less: Closing Stock - Chennai	6.51	6.51
Less: Closing Stock at HTL, Hosur	68.80	-
TOTAL	3,315.74	208.90

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"18" -CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Closing Stock:		
Finished Goods (incl Excise Duty)	532.78	-
Work in Progress	152.49	-
Less:Excise Duty on (Increase)/ Decrease of Finished Stock	685.27 68.70	-
Less:	616.57	-
Opening Stock :		
Finished Goods	-	-
Work in Progress	-	-
Less: Written Off	-	-
CHANGE IN STOCK	616.57	-

"19" -EMPLOYEE BENEFIT EXPENSES	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Salaries and Wages	242.97	615.85
Contribution to Provident & Other Funds	22.35	51.82
Gratuity Expenses	0.93	77.83
Leave Encashment	-	55.10
Welfare expenses	39.60	64.29
TOTAL	305.85	864.89

"20" -FINANCE COST	Figures for the year ended 31st March, 2016 RS. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs
Interest Expenses		
To Banks	0.50	0.72
On Statutory Dues	-	17.07
On GOI Loans	150.21	150.21
To Others	136.29	-
Other Borrowing Cost (Bank Charges)	8.09	0.53
TOTAL	295.09	168.53

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"21" OTHER EXPENSES	Figures for the year ended 31st March, 2016 Rs. In Lakhs	Figures for the year ended 31st March, 2015 Rs. In Lakhs.
Consumption of Stores & Spares and other direct cost		
Consumable Stores	1.38	-
Foreign Exchange Fluctuation (Net)	17.88	13.18
Payment to the Auditors:		
As Audit Fee	11.45	8.99
As Tax Audit	2.29	1.12
Reimbursement of Expenses	1.12	0.73
Power & Fuel	82.73	30.03
Insurance Expenses	6.90	7.08
Rates & Taxes	13.98	12.28
Repairs & Maintenance		
Building	10.71	23.76
Machinery	1.15	-
Others	2.48	5.44
Travelling & Conveyance Expenses	19.01	27.75
Directors Sitting Fees	0.35	0.31
Prior period expenditure	96.41	-
Leasing Charges	6.79	6.70
Telephone Expense	2.75	4.02
Liquidated Damages on Sales	-	18.78
Office Exp.	4.34	6.09
Vehicles- Running & Maintenance(CAR)	4.56	7.10
Security Charges	20.17	41.75
Legal & Professional Expenses	21.20	26.26
Miscellaneous Expenses	3.09	12.28
TOTAL	330.74	253.65

22. NATURE OF OPERATIONS

HTL Limited ("the Company") had 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. From 2015-16, the Company has started manufacturing Fibre Reinforced Plastic Rods, Impregnated Glass Fibre Re-inforcement and Optical Fibre Cables.

23. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 2013 including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

b. Revenue Recognition

Revenue is recognized 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. In respect of such sales orders, the Company recognizes the differential revenue, being the difference between provisional price and the final price, at the time when the provisional price gets firmed up.

c. 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Any 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.

d. Depreciation

With effect from April 01, 2014, depreciation on tangible fixed assets is provided on the straight line method as per useful life prescribed in Schedule II to the Companies Act, 2013 i.e. depreciation is provided over the estimated useful life as determined by the management which is either less than or equal to the useful life as prescribed in Schedule II of the Companies Act, 2013, as under:

Assets Description	Useful Life of the asset (in years)
Factory Buildings	20
Staff Quarters	40
Plant and Machinery	8.33
Data Processing Equipment	3
Furniture and Fixtures	10
Office Equipment	5
Telephone Exchange (Model)	13
Electrical Installation	10
R& D Equipment	10
Vehicles	5
Air Conditioning Plant	6.67

e. Inventory Valuation

Inventories are valued as follows:

- (i) Materials, Components and Stores & Spares: Lower of cost and net realizable value. Cost is determined on first in first out (FIFO) 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 first in first out (FIFO) basis.

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

f. 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.

g. Retirement and other Employees' Benefits

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

(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 the Statement Profit & Loss and are not deferred.

h. Income Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income 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 realized against future taxable profits. Unrecognized 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 realized.

i. 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.

j. 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.

k. 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.

24. Contingent Liabilities (not provided for):

S.NO.	PARTICULARS	(Rupees in Lakhs)	
		31, Mar 2016	31, Mar 2015
A.	Unredeemed bank guarantees.	147.16	61.00
B.	Impact of pending litigations not acknowledged as debt in financial statements	352.74	354.19

25. The Company has accumulated losses of Rs. 11,662.64 Lakhs (Previous year Rs.11,900.00 Lakhs) as at March 31, 2016, resulting in negative net worth of Rs. 10,162.64 Lakhs (Previous year Rs. 10,400.00 Lakhs). The Company's current liabilities exceed its current assets by Rs.14994.45 Lakhs (Previous year Rs. 10,799.75 Lakhs) as of that date. Further, the Company has overdue loans from Government of India amounting to Rs. 624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) together with interest accrued and due thereon of Rs. 2715.88 Lakhs (Previous year: Rs. 2565.66 Lakhs). The turnover during the period ended 31, March 2016 is Rs. 2723.34 Lakhs (Previous Year: Rs. 218.49 Lakhs). 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, and has since, been declared as a Sick Industrial Company vide order dated June 08, 2009 in case reference no. 261/2003. Subsequently, State Bank of India, 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 (SARFAESI Act) requiring the Company to discharge its full dues and attached the freehold surplus land mortgaged to the extent of 11.02 acres and 2.56 acres. During the year 2013-14, SBI has sold 11.02 acres land under SARFAESI Act at Rs. 27228.89 lakhs in June 2013. The Proceeds have been apportioned among the Consortium of Banks and Pegasus Assets Reconstruction Private Limited on account of dues to IndusInd Bank and Axis Bank as the Banks have assigned the loans to Pegasus and the SBI has withdrawn the action under SARFAESI Act with effect from 22.06.2013.

After the withdrawal of SARFAESI Action by SBI, the reference of the Company under BIFR has been restored vide AAIFR order dated 24.03.2014.

During the year, the Company has set up the manufacturing plants for manufacture of OFC Cable at its Chennai and manufacture of FRP Rods & IGFR at Hosur Plant at a total cost of Rs.5043.38 Lakhs. The Sales Turnover upto 31.03.16 is Rs. 2367.58 Lakhs for OFC Cables and Rs. 355.76 Lakhs for FRP & IGFR.

In view of above, the financial statements have been prepared on a going concern basis.

26. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA) due to erosion of its net worth accordingly the Company was declared a Sick Industrial Company by BIFR on June 08, 2009 under section 17(1) of SICA.

27. Loan of Rs. 624.20 Lakhs (Previous year Rs.624.20 Lakhs) together with interest accrued and due thereon of Rs.2715.88 Lakhs (Previous year Rs. 2565.66 Lakhs) is due to Government of India (GOI). As at March 31, 2016, total loan of Rs. 624.20 Lakhs (Previous year Rs 624.20 Lakhs) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs. 347.00 Lakhs compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan. [Refer Note. 29 below].
28. 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 30.99 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.
- 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 agreement in 1983. The Estate Officer, SIPCOT issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender the unused portion of land measuring 11.50 acres out of the said land on 13.01.2010. The Company has filed a writ petition before the Hon'ble High Court of Madras against this order and obtained an interim stay on 22.2.2010 and the Court has passed final orders on 16.11.2010 while disposing of the writ filed by the Company with a direction to both the petitioner (HTL) and the respondents (CMD & Project Officer, SIPCOT) to go before the Dispute Resolution Committee for resolving the dispute. The Court also made it clear that the status quo as on date shall be maintained till then. It is open to the petitioner (HTL) to work out their remedy, depending upon the outcome of the proceedings of the Disputes Resolution Committee.

As per the above direction, the Industries Department of Government of Tamilnadu have constituted a Committee with two members from Government, two members representing SIPCOT and three members representing the Company under Chairmanship of the Principal Secretary to Government, Industries Department.

The Disputes Resolution Committee has met and could not arrive at a mutually acceptable solution and hence the Company has filed a Writ Petition (WP no: 10532 /2012) before the Honorable High Court of Madras with a prayer to quash the resumption order of SIPCOT Official and to direct SIPCOT to execute and register Sale Deed in favour of the Company. The court has given interim stay of proceedings of the SIPCOT officer and further court hearing is in progress.

29. (a) The Company has taken unsecured loans from various parties and after repayment, the net amount outstanding as on 31st March, 2016 is Rs. 2400.00 lakhs (Previous Year Rs.1755.00 lakhs). The interest payable on these loans amounting to Rs. 500 Lakhs is under discussion with the concerned lenders and the interest liability if any fastened on the company will be provided after finalization. However, the interest liability estimated as per the basis followed in the earlier year amounts to Rs. 60 Lakhs (cumulative Rs.120 Lakhs).
- (b) Claims receivable includes Rs. 347.00 Lakhs 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. 347.00 Lakhs 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.347.00 Lakhs 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 27 above].
30. 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.
31. 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.
32. Balances of some of the Trade receivable, Trade payables, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. 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, 2016.

33. Related Party Disclosures

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

a) Name of Related Parties and its relationship:

Relationship	Name
Holding Company	Himachal Futuristic Communications Limited (HFCL)
Fellow Subsidiary	Moneta Finance Private Limited
	HFCL Advance Systems Private Limited (w.e.f 23.02.2015)
Associates of Holding Co.:	Draganwave HFCL India P.Ltd.
	Polyxel Securities Systems P.Ltd
	Exicom Telesystems Limited (ETL)
	Microwave Communications Ltd
	HFCL Bezeq Telecom Ltd
	AB Corp Ltd
Key Managerial Personnels :	Dr. R.M.Kastia, Whole Time Director
	Mr. D.P.Gupta, Chief Operating Officer & Manager (Upto 24.06.15)
	Mr.G.S.Naidu, Chief Operating Officer & Manager (From 25.06.15)
	Mr. N Thangaraj, Chief Finance Officer
	Mr. S Narayanan, Company Secretary

b) Transactions/outstanding balances with Related Parties

Particulars	(Rs. In Lakhs)	
	Year ended 31.03.2016	Year ended 31.03.2015
Purchases/receiving of Goods & Materials		
Himachal Futuristic Communications Limited (HFCL)	929.23	61.39
Sales/rendering of Goods and Materials		
Himachal Futuristic Communications Limited (HFCL)	738.49	-
Fixed Assets purchased		
Himachal Futuristic Communications Limited (HFCL)	169.20	-
Income - Rent /Other expenses		
Himachal Futuristic Communications Limited (HFCL)	5.02	4.56
Exicom Telesystems Limited	2.17	1.97
Expenses – recovered		
Himachal Futuristic Communications Limited (HFCL)	1.73	1.60
Exicom Telesystems Limited	0.26	0.32

Advances received Himachal Futuristic Communications Limited (HFCL)	1100.00	-
Loan received Himachal Futuristic Communications Limited (HFCL)	1100.00	-
Interest paid Himachal Futuristic Communications Limited (HFCL)	5.07	-
Outstanding - Payable (net)		
Himachal Futuristic Communications Limited - Trade Payable	551.90	596.04
Himachal Futuristic Communications Limited - Advances*	7200.00	6257.00
Himachal Futuristic Communications Limited - Materials	1098.44	-
Himachal Futuristic Communications Limited - Loan	1104.57	61.39
Exicon Telesystems Ltd	10.02	7.77
Receivables		
Himachal Futuristic Communications Limited - FRP & IGFR	286.47	-
Himachal Futuristic Communications Limited - OFC	326.41	-
Himachal Futuristic Communications Limited - 4G	-	11.27
Remuneration of Key Management Personnel's #		
(a) Dr.R.M.Kastia, Whole Time Director	147.14	154.94
(b) Shri.D.P.Gupta, Chief Operating Officer (Upto 24.06.15)	24.72	47.47
(c) Shri.G.S.Naidu, Chief Operating Officer (From 25.06.15)	31.93	
(d) Shri. N.Thangaraj, Chief Finance Officer	11.41	0.91
(e) Shri. S Narayanan, Company Secretary	14.93	13.74

* includes amount received Rs. 2752.00 Lakhs from Sunvision Engineering Company which had been amalgamated with HFCL with effect from 01.01.2010 as per Hon'ble High Court of Himachal Pradesh sanction under composite scheme of Arrangement and Amalgamation.

The remuneration paid to in respect of managerial persons (a), (b) and (c) above has been approved in AGM by a special resolution, and the Company is in the process of obtaining Central Government approval and hence the amount has been shown as recoverable.

34. Segmental Reporting

a) Primary Segment Information (by Business Segments)

The Company is engaged in the business of manufacture of optical fiber cables 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.

35. Disclosure as per AS-15 revised-Defined Benefit Plans:

(Rs. In Lakhs)

Particulars	Year Ended March 2016		Year Ended March 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the beginning of the period	180.58	96.22	308.10	162.51
Current service cost	8.31	5.66	8.46	5.99
Interest cost	12.58	6.83	18.00	9.54
Past Services	-	-	-	-
Actuarial (gain) / losses	(18.81)	(22.88)	53.20	26.35
Benefits paid	(38.57)	(17.43)	(207.19)	(108.17)
Obligations at the end of the period	144.09	68.40	180.58	96.22
Change in plan assets				
Plan assets at beginning at fair value	12.78	-	10.95	-
Expected return on plan assets	1.06	-	0.91	-
Actuarial gain /(loss)	0.09	-	0.04	-
Contributions	1.00	17.43	0.88	108.17
Direct contributions	38.57	-	207.19	-
Direct benefit payments	(38.57)	-	(207.19)	-
Benefits paid from the fund	-	(17.43)	-	(108.17)
Plan assets at period end, at fair value	14.93	-	12.78	-
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	(14.93)	-	(12.78)	-
Present value of defined benefit obligations at the end of the period	144.09	68.40	180.58	96.22
Asset/ (Liability) recognised in the balance sheet	(129.16)	(68.40)	(167.80)	(96.22)
Cost for the period				
Current service cost	8.31	5.66	8.46	5.99
Interest cost	12.58	6.83	18.00	9.54
Past Services	-	-	-	-
Expected return on plan assets	(1.06)	-	(0.91)	-
Actuarial (gain) / losses	(18.90)	(22.88)	53.16	26.36
Net cost	0.93	(10.40)	78.71	41.88

Particulars				
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	144.09	(68.40)	180.58	(96.22)
Plan Assets	14.93	-	12.78	-
Surplus / (deficit)	(129.16)	(68.40)	(167.80)	(96.22)
Experience adjustments on plan liabilities (Loss) / Gain	(18.81)	6.84	53.20	(18.66)
Experience adjustments on plan assets – Gain / (Loss)	0.09	-	0.04	-
Assumptions:				
Interest rate	8.1%	8.1%	7.8%	7.8%
Estimated return on plan assets	8.0%	-	8.0%	-
Weighted average increase in compensation	3%	3%	5%	5%
Attrition Rate	1%	1%	1%	1%
Retirement expectancy in years	58	58	58	58

36. Earnings Per Share:

Particulars	March 31, 2016	March 31, 2015
Number of Equity Shares outstanding at the end of the year of Rs. 100 each fully paid up	1,500,000	1,500,000
Profit / (Loss) for the year (Rs. In Lakhs)	237.36	12,164.75
Basic and Diluted Earnings Per Share (in Rs.)	15.82	810.98

37. Hitherto, the cost of materials and components, work-in- progress and finished goods has been determined on quarterly moving weighted average basis. From the current year the Company has changed the method to determine the cost of materials and components, work-in- progress and finished goods to First in First out (FIFO). Consequent upon such change no impact on cost on material consumed and changes in inventories of finished goods, work in progress and stock in trade.

38. Raw Materials purchased:

Description	2015-16	2014-15
	(Rs./Lakhs)	
Optical Fiber	1932.91	-
ECCS / WS /Marking / Polyster Tape	330.04	-
HDPE / LDPE	674.46	-
PBT/Tube Filling /Cable Filling Compound	330.20	-
Yarn - Aramid / Binder/WS /Glass	95.61	-
FRP /ARP Rods	114.35	-
Others	280.94	-
Raw Materials- FRP/IGFR	497.29	-
	4255.80	NIL

39. Value of imports on CIF basis

Particulars	(Rs. in Lakhs)	
	2015-16	2014-15
Materials and Components	241.61	-
Capital Goods	2101.03	-

40. Expenditure in foreign currency (on payment basis)

Particulars	(Rs. in Lakhs)	
	2015-16	2014-15
Purchase of Material	93.95	208.90
Purchase of Capital goods	764.57	-

41. Value of imported and indigenous stock in trade, stores & spares and raw materials consumed:

Particulars	2015-16		2014-15	
	%Age	Value	%Age	Value
Imported	11.63	385.70	-	-
Indigenous	88.37	2930.04	100.00	208.90
Total	100.00	3315.74	100.00	208.90

42. Earning in Foreign Currency (On Cash Basis)

Earnings	2015-16	2014-15
	-	-

43. 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, 2016		March 31, 2015	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	2,772,486	184,917,891	547,337	34,416,544
Total		2,772,486	184,917,891	547,337	34,416,544

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

For KHANDELWAL JAIN & CO.
 Chartered Accountants
 Firm Registration Number 105049W

For and on behalf of the Board of Directors

MANISH SINGHAL
 Partner
 Membership No. 502570

MAHENDRA NAHATA
 Chairman

M.P.SHUKLA
 Director

Place : New Delhi
 Date : 02/05/2016

S.NARAYANAN
 Company Secretary

N.THANGARAJ
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