



47th Annual Report 2007-2008



HTL Ltd.



HTL LTD.

BOARD OF DIRECTORS

SHRI MAHENDRA NAHATA	CHAIRMAN
SHRI Y.S.CHOUDHARY	DIRECTOR
SHRI SANJAY MALOO	DIRECTOR
DR.R.M.KASTIA	DIRECTOR
SHRI B.B.SINGH	NOMINEE DIRECTOR, GOVT. OF INDIA
SHRI N.PARAMESWARAN	NOMINEE DIRECTOR, GOVT. OF INDIA (Upto 13.07.2007)
SHRI A.K.SRIVASTAVA	NOMINEE DIRECTOR GOVT.OF INDIA (w.e.f. 13.07.2007)
SHRI M.P.SHUKLA	DIRECTOR (w.e.f. 28.12.2007)

SHRI S.CHIDAMBARAM	CHIEF OPERATING OFFICER (Upto 15.05.2007)
SHRI D.P.GUPTA	CHIEF OPERATING OFFICER (w.e.f. 25.06.2007)
SHRI S.NARAYANAN	COMPANY SECRETARY & DY.GENERAL MANAGER (LEGAL)

BANKERS

STATE BANK OF INDIA
Guindy, Chennai - 600 032

CANARA BANK
Guindy, Chennai - 600 032

AXIS BANK LTD. (Formerly UTI BANK LTD.)
Dr.Radhakrishnan Salai,
Chennai - 600 004

INDUSIND BANK LTD.
3, Village Road, Nungambakkam, Chennai - 600 034

THE SOUTH INDIAN BANK LTD.
20, Woods Road, Chennai - 600 014

AUDITORS

S.R.BATLIBOI & CO.
Chartered Accountants
TPL House, Second Floor,
3, Cenotaph Road,
Teynampet,
Chennai - 600018

REGISTERED OFFICE
G.S.T. Road
Guindy, Chennai - 600 032

REGIONAL OFFICE
New Delhi, Mumbai & Kolkata



CONTENTS

Page No

Notice	3
Directors' Report	22
Auditors' Report	29
Balance Sheet	36
Profit & Loss Account	37
Cash Flow	38
Schedules	39
Attendance Slip & Proxy Form	67



HTL LTD.

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

NOTICE

Notice is hereby given that the Forty Seventh Annual General Meeting of HTL Ltd. will be held on **Friday, the 12th September 2008 @ 12.00 noon** at the Registered Office of the Company at GST Road, Guindy, Chennai – 600 032 to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2008 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of **Shri Y.S.Choudhary** retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of **Dr. R.M.Kastia** who retires by rotation and being eligible offers himself for reappointment.
4. To consider and approve the Appointment & Remuneration of **Shri D.P.Gupta**, Chief Operating Officer as Manager:

The following Resolution may be passed with or without modifications as Special Resolution:

“RESOLVED THAT pursuant to the approval given by the Board in its meeting held on 29.03.2008 for the appointment of **Shri D.P.Gupta** as Manager of the Company w.e.f. 25.06.2007 in accordance with the provisions of Section 198, 269, 385 & 387, and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the conditions specified in Schedule XIII of the said Act and also subject to the approval of the Central Government, approval be and is hereby accorded for the appointment of **Shri D.P.Gupta**, as ‘Manager’ of the Company with retrospective effect from 25th June 2007 for a period of 5 years on the following terms:

a) Monthly Pay:

	Rs.
Basic Salary	- 80,000
Special Allowance	- 40,000
Other Allowance	- 5,414
Medical	- 1,250
Conveyance	- 20,000
Sodexo Gift Coupons	- 5,000
Sodexo Meal Coupons	- 3,300
Total	- 1,54,964



- b) Company Accommodation will be provided in the company Premises/ Housing colony for which a sum of Rs.9,000/- per month will be deducted towards the accommodation inclusive of water and electricity charges.
- c) Leave Travel Allowance of Rs.79,968/- per annum.
- d) Hard Furnishing of Rs. 40,000/- per annum.
- e) Performance Linked Incentive of Rs.4, 00,000/- per annum
- f) Provident Fund as per Rules of the Company.
- g) Leave facility & Leave Encashment as per the Rules of the Company.
- h) Gratuity as per the Rules of the Company
- i) Insurance (Notional) Premia of Rs.9,600/- per annum

“RESOLVED FURTHER THAT the same salary, allowance and perquisites as mentioned herein above be paid to Shri D.P.Gupta as minimum remuneration in the event of loss or inadequacy of profit in any financial year during his tenure as Manager of the Company.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to apply and to do all such acts, deeds, matters and things as may be considered necessary for obtaining the approval of the Central Government.”

5. To appoint Auditors for the financial year 2008-2009 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.S.R.Batliboi & Co., Chartered Accountants, the retiring Auditors of the Company are eligible for reappointment. The following Special Resolution is submitted in terms of Section 224A of the Companies Act, 1956:

“RESOLVED that M/S S.R.Batliboi & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be decided by the Board of Directors of the Company.”

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

“RESOLVED that Shri M.P.Shukla who was appointed with effect from 28th December,2007 as a Director of the Company by the Board of Directors under Section 262 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received



a notice in writing u/s 257 of the Companies Act, 1956 from a Member proposing the candidature for the office of Director, be and is hereby appointed as a Director of the Company who shall be liable to retirement by rotation u/s 256 of the Companies Act, 1956.”

Registered Office
GST Road, Guindy
Chennai – 600 032.

By Order of the Board
For HTL Ltd.

Place: Chennai
Date : 12th August 2008

(S.Narayanan)
Company Secretary



Notes :

1. Proxy

- (i) Article 66 of the Articles of Association of the Company provides that a member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting or to vote except on a poll. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
- (ii) Article 67 of the Articles of Association of the Company provides that the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956.

- (i) **ITEM NO : 4 Appointment & Remuneration of Shri D.P.Gupta , Chief Operating Officer as Manager:**

Shri D.P.Gupta is a B.E.(Hons.)Engineer in Electronics is having 37 years of rich experience, out of which more than 20 years in top level management in reputed Telecom Companies. He has handled various assignments in General Management & Operations, Project Implementation, Technology Absorption & Indegenisation, Marketing & Business Development and Customer Support. Immediately before this appointment, he was Senior Vice President (Operations) in Elcom Systems , Punjab, Sun Group Enterprises. Presently, he is holding charge of all the operations of the Company viz., manufacturing, marketing, finance and administration.

The information required under Schedule XIII of the Companies Act, 1956 are furnished in the **Annexure-I** and a copy of his experience profile is enclosed as **Annexure-II**, which are forming part of this Explanatory Statement.

The appointment of Shri D.P.Gupta, Chief Operating Officer as Manager is for a period of five years w.e.f. 25.06.2007 on the terms and conditions including remuneration and the same has been approved by the Board on 29.3.2008 and a copy of the appointment letter of Shri D.P.Gupta is enclosed as **Annexure-III**. The same may be treated as the abstract of the terms and conditions of the appointment of the Manager under Section 302 of the Companies Act, 1956.

Shri D.P.Gupta is not employed anywhere other than in HTL Ltd.,

None of the Directors are interested in the above resolution.



The Members are therefore requested to accord their approval to the above special resolution.

(ii) Item No : 5 Appointment of Statutory Auditors

Section 224A of the Companies Act, 1956 provides that in case of a company in which not less than 25% subscribed share capital is held, inter alia, by the Central Government, the appointment or re-appointment at the general meeting of an auditor shall be made by special resolution. Since the Central Government is holding 26% of the subscribed share capital of the Company, the auditors of the Company are required to be appointed by way of special resolution.

M/s. S.R. Batliboi & Co is the retiring auditors of the Company. A certificate from the above auditors has been received to the effect that their appointment, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. The Board of Directors recommend the resolution for the appointment of M/s.S.R.Batliboi & Co. Chartered Accountants as the Company's auditors for approval of the Members.

None of the Directors of the Company are in any way concerned or interested in passing the said resolution.

(iii) Item No.6 Appointment of Shri M.P.Shukla as a Director.

Shri M.P.Shukla has been appointed as a Director by the Board on 28th December, 2007 as per the provisions of Section 262 of the Companies Act, 1956 and he will hold office up to the ensuing Annual General Meeting. The Company has received a notice together with the requisite deposit prescribed under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose the name of Shri M.P.Shukla as a Director of the Company.

Shri M.P.Shukla is an Electrical Engineering Graduate with more than 4 decades of rich experience in the field of Business Planning and Implementation in Telecommunication Services. He held several top positions viz., as CMD in Telecommunication Consultants India Ltd. (TCIL), as CMD in Mahanagar Telephone Nizam Ltd., (MTNL) etc. He is presently a Director of Himachal Futuristic Communications Limited, HFCL Infotel Ltd., & HFCL Satellite Communications Ltd. Keeping in view of his vast experience and knowledge, it will be in the interest of the Company that Shri M.P.Shukla is appointed as a Director of the Company.

Shri M.P.Shukla is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the Directors is interested in the Resolution.

The members are, therefore, requested to accord their approval for the appointment of Shri M.P.Shukla as a Director.

Registered Office
GST Road, Guindy
Chennai - 600 032.

By Order of the Board
For HTL Ltd.

Place: Chennai
Date : 12th August, 2008

(S.Narayanan)
Company Secretary



Statement of Information as required under Schedule-XIII of the Companies Act, 1956 and forming part of the Notice dated 12th August 2008 of 47th Annual General Meeting of the Company to be held on 12.09.2008.

<i>Annexure-I</i>		Information
Sl. No.	Details	Information
(i)	Effective Capital as on 31.3.2007 Paid-up share capital Share premium account Reserves and surplus Long term loans which are repayable after one year Deposits Total	<i>(Rs. in lakhs)</i> 1500 Nil Nil 14169 Nil 15669
(ii)	Investments Accumulated losses Misc. Expenses not written off Total	Nil 23943 94 24037
Negative Effective Capital (i) - (ii)		(-) 8368
I. General Information		
(1)	Nature of Industry	Manufacture, Supply & installation of Switching, Transmission, Access Products and other Telecommunication equipments, undertaking Turnkey Projects for setting up of telecom networks, etc.
(2)	Date or expected date of commencement of commercial production	The Company started commercial production of Teleprinters on 14.12.1960. On phasing out of the above production, manufacture of telecom equipments started from 1993.
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable



(4)	Financial performance based on given indicators	Years					(Rs. in lakhs)
		2002-03	2003-04	2004-05	2005-06	2006-07	
	Financial Parameters	24395 (2566.65)	14420 (4397.03)	25131 (2522.79)	18487 (1716.22)	976 (6240.71)	
	Turnover						
	Net Profit / (Loss)						
	Amount of dividend paid	Nil	Nil	Nil	Nil	Nil	
	Rate of dividend paid	NA	NA	NA	NA	NA	
(5)	Export performance and net foreign exchange collaborations	Nil					
(6)	Foreign investments or collaborators, if any.	Nil					
II	Information about the appointee	Shri D.P.Gupta is a B.E. (Hons.) in Electronics from B.I.T.S. Pilani and is having 37 years of rich experience in the field of Telecommunication Industry, out of which more than 20 years in top level management in reputed Telecom Companies. He has handled various assignments in General Management & Operations, Technology Absorption, Customer Support & Liaison. Immediately before this appointment, he was Senior Vice President (Operations) in Elcom Systems, Punjab, a Group Company of Sun Group Enterprises.					
(1)	Background details						
(2)	Past remuneration	Organisation	Designation	Duration		Total cost to the Company Per Annum (Rs.)	
		Himachal Futuristic Communications Ltd., New Delhi	Senior Vice President (Operations)	From	To	24,00,000	
		Sun Group Enterprises Pvt. Ltd.	Senior Vice President (Operations)	01.03.1995	30.06.2006		
				01.07.2006	15.06.2007	30,00,000	
		HTL Ltd., Chennai	Chief Operating Officer	25.06.2007		26,03,823	
(3)	Recognition or awards	Nil					



(4)	Job Profile and his suitability	<p>He is holding charge of all the operations of the Company, viz., manufacturing, marketing, finance and administration.</p> <p>He is having more than 20 years experience in top level management in reputed Telecom Companies.</p>																				
(5)	Remuneration proposed	<p>Proposed remuneration as approved by the Board of Directors in their meeting held on 29.3.2008 subject to the approval of the Shareholders and the Central Government (Dept. of Company Affairs), New Delhi.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>1) Monthly Pay:</td> <td></td> </tr> <tr> <td> Basic Salary</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td> Special Allowance</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td> Other Allowance</td> <td style="text-align: right;">5,414</td> </tr> <tr> <td> Medical</td> <td style="text-align: right;">1,250</td> </tr> <tr> <td> Conveyance</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td> Spdexho Gift Coupons</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td> Spdexho Meal Coupons</td> <td style="text-align: right;">3,300</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">1,54,964</td> </tr> </table> <p>2) Company Accommodation will be provided in the company Premises / Housing colony for which a sum of Rs. 9,000/- per month will be deducted towards the accommodation inclusive of water and electricity charges.</p> <p>3) Leave Travel Allowance of Rs. 79,969/- per annum.</p> <p>4) Hard Furnishing of Rs. 40,000/- per annum.</p> <p>5) Performance Linked Incentive of Rs. 4,00,000/- per annum</p> <p>6) Provident Fund as per Rules of the Company</p> <p>7) Leave facility & Leave Encashment as per the Rules of the Company.</p> <p>8) Gratuity as per the Rules of the company</p> <p>9) Insurance (Notional) Premia of Rs. 9,600/- per annum</p>		Rs.	1) Monthly Pay:		Basic Salary	80,000	Special Allowance	40,000	Other Allowance	5,414	Medical	1,250	Conveyance	20,000	Spdexho Gift Coupons	5,000	Spdexho Meal Coupons	3,300	Total	1,54,964
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Total	1,54,964																					
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	<p>Shri D.P.Gupta was drawing a CTC salary of Rs. 30,00,000/- per annum during his previous employment with Sun Group Enterprises as Vice President (Operations).</p> <p>Hence his remuneration is either at par or less than the remuneration drawn by persons of similar qualification and experience in Telecom Companies.</p>																				



(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Shri D.P.Gupta is not related to any of the Directors of the Company.
III	Other Information	
(1)	Reasons of loss or inadequate profits.	The Company started making loss from 2001-02. The major reasons are:
		<ol style="list-style-type: none"> 1. Absence of order for MDF 2. Steep fall in EWSD prices. 3. Gradual decline in orders for switching. 4. Steep hike in Sales Tax rates. 5. Steep fall in contributions. 6. Sudden withdrawal of advances with orders on disinvestment. 7. Denial of facility of exemption from furnishing of Bid Bond Security and Performance Bank Guarantee on disinvestment. 8. The Working Capital limits sanctioned during 2000 have not been refixed by Banks in tune with the requirements of the Company. 9. Increase in incidence of interest costs.
(2)	Steps taken or proposed to be taken for improvement.	The enquiry proceedings of Hon'ble BIFR have commenced on 3.12.2004 and are in progress. In the mean time efforts are taken in association with the secured creditors viz., Consortium of Banks to dispose of a part of land holdings to enable the company to become debt free company and also to improve the financial performance of the company.
(3)	Expected increase in productivity and profits in measurable terms.	Once the company has become debt free, fresh sanctions from financial institutions can be arranged for the current working capital needs. This will result in better financial performance of the company.



IV Disclosures	
(1)	The shareholders of the company shall be informed of the remuneration package of the managerial person. Detailed in II (5) above.
(2)	The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any attached to the annual report
(i)	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the Directors.
(ii)	Details of fixed component and performance linked incentives along with the performance criteria.
(iii)	Service contracts, notice period, severance fees;
(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.
(3)	Prior approval of Central Government (Department of Corporate Affairs, New Delhi) to be obtained Application for condonation of delay under Sec.637B(a) in submission of Form-25A for the approval of Department of Corporate Affairs has been made on 29.05.2008 through E-filing and the prescribed fees have also been remitted.



D.P. GUPTA

Professional Experience

1. COMPANY : **HTL Ltd., Chennai**
POSITION : **Chief Operating Officer**
PERIOD : **June 2007 - till date**

 2. COMPANY : **Sun Group Enterprises / Elcom Systems, Punjab**
POSITION : **Sr. Vice President (Operations)**
PERIOD : **July 2006 - May 2007**

 3. COMPANY : **Himachal Futuristic Communications Ltd., (HFCL), Solan**
LAST POSITION : **Senior Vice President (Operations)**
PERIOD : **March 1995 - June 2006**
- COMPANY PROFILE : HFCL is pioneer in the field of manufacturing of Telecom Equipments in India. The company has produced & supplied Telecom, Transmission & Access Equipments in Technical collaboration with Marconi Italy, and UT Starcom USA. It had a market share of about 30% and major customers were BSNL, MTNL and other private operators.
No. of Employees : 415

- BROAD FUNCTIONS :
- Overall smooth plant operation.
 - Manufacturing, Customer Acceptance and field Support.
 - Liaison with Govt. Agencies.
 - Technology absorption from collaborators, R&D houses.
 - Quality & Environmental Certification i.e., ISO 9001 & ISO 14001.

- COMPANY : **Bharat Electronics Ltd.,**
LAST POSITION : **Dy. G.M. (Product Assurance)**
PERIOD : **Nov. 1971 - Feb. 1995 (23 Yrs)**

- COMPANY PROFILE : BEL is involved in the manufacturing of Radar and Communication Equipments for Indian Air Force, Army, Civil Aviation and the Metrological Dept.
No. of Employees : 3000

- Refer - Annexure - I

Contd.,



Special Assignments

**Member, Monitoring Committee
PROJECTS**

- Development of 600 KW S-Band Magnetron.
- Development of Airborne Radar Transmitter, for light Combat Aircraft.
- Development of 100 KW L-Band Transmitter, for Low Flying Detection Radar.

Appointed By

- Dept. of Electronics, Govt. of India.
- Aeronautic Dev. Establishment
- Electronics & Radar Dev. Establishments Bangalore.

TOT Handled With

- Marconi, Italy - For Optical Telecom Transmission Equipments.
- Thomson - CSF, France - For 3D Mobile and Static Radars.
- Raytheon, USA - Acceptance Testing of L-band, 100 KW Crossed Field Amplifier.
- UT Starcom, USA - For Narrowband Digital Loop Carrier.

Other Business Relations

- Westinghouse, USA - For Technology Transfer for Air Traffic Control Radar.
- Huawei, China - For 32 Channel DWDM.

Education Institute

B.E. (HONS.) Electronics
B.I.T.S. PILANI - year 1970

Seminars & Training Programs Attended

Refer Annexure - II

Other Interests

Human Resource Development, Psychology, Spiritual Reading.

Personal Details

Date of Birth : 18th April, 1949

Nationality : Indian

* * *



ANNEXURE – I (to Annexure – II)

JOB FUNCTIONS :

(A) From 25th June 2007 till date – *Joined HTL Ltd., as Chief Operating Officer*

(B) **Sun Group Enterprises Pvt Ltd. / Elcom Systems** – July 2006 to June 2007

1. Sun Group Enterprises acquired the assets of Erstwhile Punwire Limited at Mohali, Punjab on May 2007. I joined as Senior VP Operation on 17th June 2006.

I have looked after revival of factory including SMT facility, Plant & Machinery located in 3 different buildings having 2 lac sq.ft. covered area in about 8 acres of land during the above period of 11 months.

2. Obtained ISO 9001-2000 Certification after launching production of IP-DSLAM, coral design.
3. Got Elcom Systems Pvt. Ltd. incorporated at above premises during October 2006.

(C) **Himachal Futuristic Communications Ltd** - March 1995 - June 2006

1. Overall smooth functioning of Wireline & Wireless Manufacturing Divisions of HFCL, Solan.
2. Products & Technologies handled and lead to successful commercial production.

S.No.	Product	Technology Provider
1.	Digital Loop Carrier	UT – Starcom
2.	STM – 1, STM – 4 & STM – 16	Marconi, Italy
3.	8, 34, 140, & 565 Mb optimizes	Marconi, Italy
4.	PCM – 30	(1) ITI, Bangalore. (2) Deccanet Designs, Bangalore
5.	10 ch UHF Radio	C-DOT
6.	6/15 & 90/16 Analogue Line Concentrators	Telenet Bombay
7.	H7 Analogue Subscriber Carrier System	Seiscore – USA
8.	Digital Pair Gain System (0 + 4) & (0 + 8)	Deccanet Designs, Bangalore

3. Field support of Wireless Transmission & Access Products.
4. Installation & Commissioning of GSM NW for BSNL in HP under agreement with NOKIA.
5. Installation & Commissioning of SDH Eqpts. STM – 16, 64, DWDM etc. for various operators in different states under agreement from Alcatel, India



(D) Bharat Electronics Ltd., - Ghaziabad

Jan. 1991 – Feb. 1995

- Low flying detection radar testing.
- Static radar (THD 1955, Thomson – CSF) spares testing and field support.
- Mobile radar (TRS 2210 & TRS 2215, Thomson-CSF) testing & field support.
- IFF (Identification Friend or FOE) testing and field support.
- ISO 9002 Accreditation by NQA accomplished in March 1994.

Sept. 1989 – Dec. 1990

I was the team leader for field trials of low flying detection radar and incharge of testing and quality control functions in the radar division.

Nov. 1988 – Aug. 1989

I supervised the standardization and vendor development activities for the company. I wrote new standards for the company and helped in variety reduction of items used in different projects.

July 1985 – Oct. 1988

I engineered and prototyped an L-Band coherent transmitter using Varian Klystron VKL-7829 C3. The transmitter employs a hard tube modulator for pulsing the Klystron. It also is employed in low flying detection radar and has an excellent stability budget.

July 1981 – June 1985

I designed an L-Band coherent transmitter using DC operated crossed field amplifier QKS 2034 manufactured by Raytheon Co. The transmitter sub-system has excellent phase noise stability budget. It was developed in competition with an American Company (Space Microwave Lab., California). SML had failed to deliver the system. It was designed, produced and carried for field trial within a record period of 30 months under my guidance.

Apr. 1977 – June 1981

I designed an S-Band Transmitter using coaxial magnetron VMS 1601 manufactured by Varian. The transmitter is part of the cyclone warning radar delivered to Indian Meteorological Department.

Nov. 1974 – Mar. 1977

I worked on transmitter sub-system of TRS 2210 radar. The radar was developed under joint development contract with Thomson-CSF, France. The transmitter design is centered around M5030A Magnetron manufactured by English Electric, U.K. It employs line type modulator to pulse the magnetron, De'quing technique is used to have excellent pulse to pulse stability for good MTI performance. Three identical transmitters are sequentially operated in order to have high average power at S-Band. The magnetron operated at a cathode potential of 35 KV. I have carried out prototype development, testing and field trials. Many systems have been manufactured after successful evaluation of the radar.

Nov. 1971 – Oct. 1974

In plant training in design, manufacturing and testing departments of the company.



Annexure – II (to Annexure II)

SEMINARS AND TRAINING PROGRAMS ATTENDED :

- Workshop on Design Reliability Conducted by the Center for Reliability Analysis, USA.
- Reliability workshop conducted by Electronics Test & Development Center, Okhla, New Delhi.
- Indo-British Workshop on Microprocessors Application in Industry at IIT, Delhi.
- Seminar on Surveillance and Target Acquisition System at the Institute of Armament Technology, Pune.
- International Conference on Flight Research, Test and Development at Aeronautical Development Establishment, Bangalore.
- Team Building and Conflict Resolution by Public Enterprises Center for Continuing Education, New Delhi.
- Value Engineering of Live Projects by Venconvale Private Ltd.
- Conference Leadership by Public Enterprises Center for continuing Education, New Delhi.
- Counseling Skills by Public Enterprises center for continuing Education, New Delhi.
- Computer Awareness for Top Management by Computer Maintenance Corporation, New Delhi.
- Powercon Conference on DC-to-DC converters and Magnetics design at Dallas, Texas, USA.
- Seminar on Microwave Tubes and Technology by Mr. AD Acker of Varian, USA.
- Managerial Effectiveness Program at the Center for Organization Development, Hyderabad.
- Management of R&D systems at Administrative staff college of India, Hyderabad.
- Computer Programming in FORTRAN IV at BITS, Pilani.
- Presented a Paper on Design of Low flying Detection radar transmitter at the International Radar Conference held in 1986 at Nanjing, China.
- Deputed for a business trip cum training at the works of Raytheon Co., USA in the year 1983.
- Trained at the works of Space Microwave Laboratory, USA for four months in the year 1980.
- Trained at the works of Thomson-CSF, France on Advance Electronic Systems in the year 1973.
- Received R&D award instituted by BEL in 1992 for design of Cyclone warning Radar Transmitter.



HTL LTD.,
Registered Office
GST Road, Guindy
Chennai 600 032
(INDIA)

Mr. D.P. Gupta
Flat No.5, First Floor
Lohiya Nagar Market
GHAZIABAD 201 001 (U.P.)

Ref: OA8/2/Appt
Dt.: 18th June
2007

Dear Mr. Gupta,

We are pleased to appoint you as **Chief Operating Officer** in our organization on the following terms and conditions:

1. Designation and Posting

You will be designated as **Chief Operating Officer** and posted at Chennai.

2. Engagement Period

This appointment is for five years effective from your date of joining i.e. 25th Jun 2007 and valid up to 24th June 2012.

3. Monthly Remuneration

Your monthly remuneration would be as per **Annexure I** attached.

4. Notice Period

This contract of appointment is terminable by three month's notice on either side or on payment of three month's Basic salary in lieu of notice by the company and other party is not bound to give any reason thereof.

The company reserves the right to recover basic salary in lieu of notice period. On receiving notice, if in the opinion of the company it is prejudicial to its interest to continue employment during the notice period, the company may at its discretion relieve you before expiry of the notice period and is not bound to give any reason thereof.

5. Leave

You will be entitled to Privilege and Casual leave as per HTL Rules.

...2/-



- 2 -

6. Transfer

Your services may be transferred to any other location in such capacity as the company may from time to time determine or any department, establishment, factory or branch of the company or its affiliate, associate or subsidiary company subject to the provision that your remuneration will not be adversely affected. In such case, you will be governed by the terms and conditions of services applicable to the new assignment.

7. Other work

Your position is a whole-time employment with the company and you shall devote yourself exclusively to the business of the company. You will not, without written permission of the Management, take up any other work for remuneration (part-time or otherwise) or work in advisory capacity or be interested directly or indirectly (except as shareholder or debenture holder) in any other trade or business during the employment with the company.

8. Travel

You will be required to undertake travel on company work and you will be paid travel expenses for this as per HTL rules.

9. Training

If you are sent for training abroad, you will have to sign an agreement as a token commitment, the terms of which will be decided by the company depending on the training period, location, travelling cost, lodging, boarding and other expenses incidental to the training.

10. Confidential information

You will not disclose or divulge or make public the confidential information to any unauthorized person except on legal obligation, nor use for any purpose other than the company's work during your employment with us or thereafter any information concerning the company's (or its associates) interests, operation, plant, know-how, etc. that you may come to know as an employee of the company.

11. Protection of Interest

If you conceive any new or advanced methods of improving processes / formulae / systems in relation to the operation of the company, such developments will be fully communicated to the company and will remain the sole right / property of the company.

12. Past Record

If any declaration given or furnished by you to the company proves to be false or if you are found to have willfully suppressed any material information, in such case, you will be liable to removal from service without any notice.



- 3 -

13. Compliance of Section-314 of the Companies Act, 1956

This appointment is subject to your not being a relative of a Director of the company within the meaning of Section-314 of the Companies Act, 1956. In case, you happen to be related to any member of 'Board of Directors' of the company, the same must be intimated to the Management in writing immediately. Continuance of your employment thereafter shall be on the compliance of provisions of Section-314 of the Companies Act, 1956.

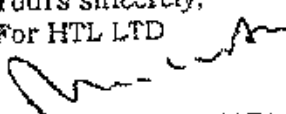
14. On Separation

On acceptance of the separation notice, you will immediately handover all correspondence, specifications, formulae, books, documents, cost data, market data, literature, drawings, effects before you are relieved and shall also not make or retain any copies of these items.

15. Date of Joining

You are advised to join duty at HTL, Chennai on or before 25th June 2007.

Yours sincerely,
For HTL LTD


MAHENDRA NAHATA
CHAIRMAN



Annexure I

NAME : MR. D.P. GUPTA
POSITION : COO

SALARY DETAIL:

Emoluments	Per month	Per annum
Basic Salary	80,000	960,000
Housing	Company Accomodation*	
Special Allowance	40,000	480,000
Other Allowance	5,414	64,968
Medical	1,250	15,000
LTA	6,664	79,968
PF	9,600	115,200
Total (A)	142,928	1,715,136

Applicable entitlements as per statutory regulations and co. rules:

Leave Encashment	53,333
Gratuity	46,154
Insurance (Notional)	9,600
Total (B)	109,087

Conveyance	20,000	240,000
Sodexho Gift Coupons	5,000	60,000
Sodexho Meal Coupons	3,300	39,600
Hard Furnishing		40,000
PLI (Performance Linked Incentive)		400,000
Total (C)		779,600

CTC (A+B+C) **2,603,823**

*The company will provide residential accommodation in its premises/housing colony for which a sum of Rs. 9,000.00 per month would be deducted from your salary towards the accommodation inclusive of water and electricity charges.


MAHENDRA NAHATA
CHAIRMAN



HTL LTD.

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 47th Annual Report and Audited Accounts for the financial year ended 31st March 2008.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2007-08 Rs.	2006-07 Rs.
Sales, Services, and Other Income	18.83	9.78
Profit (loss) Before Depreciation, Finance Charges and Taxation	(10.29)	(29.69)
Less: Depreciation	1.17	1.80
Finance Charges	33.73	30.92
Net Loss for the year	(45.19)	(62.41)
Add: Loss Brought Forward from Previous Year	(239.43)	(177.02)
Deficit carried to the Balance Sheet	(284.62)	(239.43)

DIVIDEND

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

SIGNIFICANT EVENTS OF THE YEAR

The Company decided to sell its unutilized land of 11.021 acres in Chennai through e-auction. M/s. RMZ Properties Private Limited were the successful bidder but the Government of TamilNadu have issued an order on 23.4.2008 stating that the Government has decided to take back the land of 11.021 acres allotted to the Company after paying the amount decided by the District Collector by citing the Assignment Deed. Your Company has taken opinion from a Senior Advocate and he opined that the cited Assignment Deed executed in August, 1973 (Unregistered) is no longer in existence once the Sale Deed is executed thereafter and registered in favour of the Company on 22.1.1993 by SIDCO. He further opined that the company has a clear, valid and absolute marketable title to the said land. After taking into consideration the said legal opinion, the Company has filed a Writ in the Madras High Court against the said order of the Government. The Hon'ble High Court has granted an interim stay on the above Government Order dated 23.4.2008 pending admission of the case.



Consequent upon the above order of the Government of Tamilnadu, M/s. RMZ Properties Pvt. Ltd. have decided not to extend the time limit for their offer to purchase the above land.

In view of the above development, the Company's financial restructuring plan could not be carried out. The same is dependent on the final outcome of the above Writ petition and then disposal of the land.

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 Thousands)

PRODUCTS	2007-08 (Rs.)	2006-07 (Rs.)
Turnkey Project –RailTel	11.82	175.62
Turnkey Project – NIB-BSNL	75.42	668.30
Service Charges	263.73	83.38
Spares	68.88	113.26
TOTAL	419.85	1040.56

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

CURRENT POSITION AND OUTLOOK

During the year under review, the Company has procured orders from BSNL viz., IFWTP for Rs.52.17 crores & STM 1 for Rs.10.72 Crores. The Company has procured orders from Reliance for installation of Telecommunication Towers to the tune of Rs.1.19 crores & from Aircel to the tune of Rs.10.41 crores. The executions of these Orders are in progress.

The improvement in the Company's performance is dependent upon overcoming the working capital shortfall by way of induction of funds which are possibly only on disposal of surplus land of 11.021 acres for which the matter is pending in the Hon'ble High Court.

FIXED DEPOSITS

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



DIRECTORS

Shri Y.S.Choudhary and **Dr.R.M.Kastia** are retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Shri M.P.Shukla has been appointed as a Director by the Board on 28th December, 2007 as per the provisions of Section 262 of the Companies Act, 1956 and he is holding office up to the forthcoming Annual General Meeting. The Company has received a notice together with the requisite deposit prescribed under Section 257 of the Companies Act, 1956 from a shareholder proposing the name of **Shri M.P.Shukla** for appointment as a Director of the Company.

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, 2008, 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, 2008 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.Batliboi & Co, Chartered Accountants, 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 394 as compared to 473 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

Place : New Delhi
Date : 29th July 2008

(MAHENDRA NAHATA)
CHAIRMAN



ANNEXURE 1 TO THE DIRECTORS' REPORT

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

OBSERVATIONS IN THE ANNEXURE TO AUDITORS' REPORT

1. Auditors' Observation:

Para (ix)(a) : Undisputed statutory dues including provident fund, employees' state insurance, income-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 extremely 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, employees' state insurance, income-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.

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.530,940 thousand and interest accrued and due on these loans is Rs.579,392 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, 2008, short term funds to the tune of Rs.268.75 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, 2007.

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.5.95 lacs during the year 2006-07 towards recurring expenditure on R&D. The Company continued its efforts in upgrading the existing products and scouting for new technologies and products.

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	9914
Expenditure in Foreign Currency	238



Auditors' Report

To the Members of HTL Limited

1. We have audited the attached Balance Sheet of HTL Limited as at March 31, 2008 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, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) Without qualifying our opinion, we draw attention to Note No.C-2 of Schedule 20 in the financial statements. The Company incurred a net loss of Rs. 451,896 thousands during the year and has accumulated losses of Rs 2,846,224 thousands as at March 31, 2008, which has resulted in negative net worth of Rs. 2,700,673 thousands. The Company's current liabilities have exceeded its current assets by Rs. 1,187,815 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 530,940 thousands and also has overdue loans from Government of



India amounting to Rs 60,420 thousandstogether with interest accrued and due thereon of Rs. 151,527 thousands. The turnover during the current year is only Rs 43,494 thousands. 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'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. The Company is hopeful of a successful outcome in the litigation. The Company has also received orders for supply of new products. In expectation of the successful outcome of the above proposals, the financials statements have been prepared on a going concern basis.

- (vii) Without qualifying our opinion, we draw attention to Note No. C-12 of Schedule 20 of the financial statements regarding the appointment of Chief Operating Officer at a remuneration in excess of the limits prescribed under section 309 of the Companies Act, without the prior approval of the Central Government. The Company is in process of obtaining necessary approvals and condonation for delay in approval. Pending final determination of the outcome in the matter, no adjustments have been considered in these financial statements.
- (viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per **Bharat Varadachari**
Partner
Membership No. 205076
Place : Chennai
Date : July 29, 2008



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

RE : 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, employees' state insurance, income-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.*

The provisions relating to investor education and protection fund and wealth tax are not applicable to the Company.

- (b) *According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-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:*

S. 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.	19,666	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.	1,673	Various Dates
3	The Central Sales Tax Act 1956	Additional sales tax payable for the year 2001-02.	25,027	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.	125,506	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.	607,535	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	Income Tax Act, 1961	Income Tax payable for the Assessment Year 2000-01 on account of disallowance of provision for doubtful debts & advances	33,272	31 st March 2000



(c) According to the records of the Company, the dues outstanding of income-tax, sales-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.	18,875	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.	51,800	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. 530,940 thousand and interest accrued and due on these loans is Rs. 579,392 thousand.*
- (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, 2008, short term funds to the tune of Rs 268.75 crores (approx.), without considering permanent working capital, 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.
- (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.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Bharat Varadachari**
Partner
Membership No. 205076
Place : Chennai
Date : July 29, 2008



HIL LIMITED
Balance sheet as at 31st March 2008

	Schedules	As at 31st March 2008 Rs. in 000's		As at 31st March 2007 Rs. in 000's	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	150,000		150,000	
Reserves and Surplus	2	-	150,000	-	150,000
Loan Funds					
Secured Loans	3	1,352,633		1,212,631	
Unsecured Loans		213,947	1,566,580	204,234	1,416,865
TOTAL			1,716,580		1,566,865
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	521,698		519,316	
Less: Depreciation		470,191		458,968	
Net Block			51,507		60,348
Capital work-in-progress			2,215		-
Current Assets, Loans and Advances					
Inventories	5	71,967		46,378	
Sundry Debtors	6	868,641		1,817,136	
Cash & Bank Balances	7	299,961		225,616	
Other Current Assets	8	90,594		92,149	
Loans and Advances	9	73,044		61,166	
		1,404,207		2,242,445	
Less: Current Liabilities and Provisions					
Current Liabilities	10	2,484,225		2,999,426	
Provisions		107,797		140,223	
		2,592,022		3,139,649	
Net Current Assets			(1,187,815)		(897,204)
Miscellaneous Expenditure (To the extent not written off or adjusted)	11		4,449		9,393
Profit and Loss Account			2,846,224		2,394,328
TOTAL			1,716,580		1,566,865
Notes to Accounts	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

per Bharat Varadachari
Partner
Membership No.206076

Place : Chennai
Date: July 29, 2008

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S. NARAYANAN
Secretary
Place : New Delhi
Date: July 29, 2008

**HTL LIMITED****Profit and Loss Account for the year ended 31st March 2008**

	Schedules	Year ended 31-Mar-08 Rs. in 000's	Year ended 31-Mar-07 Rs. in 000's
INCOME			
Turnover (Gross)	12	43,494	107,369
Less: Excise Duty		(1,509)	(3,313)
Turnover (Net)		41,985	104,056.00
Impact of price revision on sales of earlier years		7,757	(193,616)
Profit on sale of land		-	124,093
Other Income	13	138,559	63,306
TOTAL		188,301	97,839
EXPENDITURE			
Materials & Components Consumed	14	34,750	87,429
Excise Duty		1,207	659
Personnel Expenses	15	152,791	168,016
Operating and Other Expenses	16	66,771	57,164
Provision for Doubtful Debts and Advances (net)		22,471	87,082
Provision for Inventory (net)	17	7,692	(6,483)
Increase in Inventories	18	(252)	(932)
Financial Expenses	19	337,285	309,182
Depreciation		11,735	17,991
Amortisation of Voluntary Retirement Scheme Expenditure		4,944	6,192
TOTAL		639,394	726,300
Loss for the year before tax before prior period items		(451,093)	(628,461)
Prior period expenses/(Income) (Net)		-	(6,065)
Loss for the year before tax		(451,093)	(622,396)
Less: Fringe Benefit Tax		803	1,675
Loss After Tax		(451,896)	(624,071)
Add: Balance brought forward from Previous Year		(2,394,328)	(1,770,257)
Deficit Carried to the Balance Sheet		(2,846,224)	(2,394,328)
Earnings Per Share (Basic & Diluted) (Nominal Value per Share Rs. 100/-)		(301.26)	(416.05)

Notes to Accounts

20

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 Bharat Varadachari
Partner
Membership No.205076

Place : Chennai
Date: July 29, 2008

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S. NARAYANAN
Secretary
Place : New Delhi
Date: July 29, 2008



HTL LIMITED
Cash Flow Statement for the year ended March 31, 2008

	2007-08 Rs. in '000s	2006-07 Rs. in '000s
A. Cash Flows from Operating Activities		
Net Loss before Tax	(451,093)	(622,396)
Adjustments for:		
Depreciation	11,735	17,991
Loss/(Profit) on Disposal of Fixed Assets (net)	(103)	(123,999)
Foreign Exchange Loss/(Gain) (net)	(82,746)	(31,068)
Interest Income	(20,557)	(8,076)
Interest Expense	327,050	302,081
Provision for Inventory	7,692	(6,483)
Excess Liabilities Written Back	(465)	-
Provision for Doubtful Debts and Advances	22,471	87,082
(Increase)/Decrease in Miscellaneous Expenditure to the extent not written off	4,944	(7,158)
Operating Loss before Working Capital Changes	(181,072)	(392,026)
Movements in Working Capital :		
(Increase)/ Decrease in Sundry Debtors	925,848	500,773
(Increase)/Decrease in Inventories	(33,281)	9,102
(Increase)/Decrease in Loans and Advances	(2,011)	3,399
Increase/(Decrease) in Current Liabilities and provisions	(482,907)	(217,889)
Cash Generated from/(used in) Operations	226,577	(96,641)
Direct Taxes Paid (Net of Refunds)	(38,378)	(1,439)
Net Cash from/(used in) Operating Activities	188,199	(98,080)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(5,801)	(295)
Proceeds from sale of fixed assets	795	124,465
Increase in Term Deposits made with Banks, during the year	(190,109)	(3,711)
Decrease in Term Deposits with Banks, redeemed during the year	117,211	162,657
Interest Received	22,112	9,212
Net Cash from Investing Activities	(55,792)	292,328
C. Cash Flows from Financing Activities		
Proceeds from / (Repayment) of Short-Term Borrowings	(64,767)	(152,389)
Interest Paid	(66,192)	(43,087)
Net Cash from/(used in) Financing Activities	(130,959)	(195,476)
Net Decrease in Cash and Cash Equivalents (A + B + C)	1,448	(1,228)
Cash and Cash Equivalents at the Beginning of the Year	4,867	6,095
Cash and Cash Equivalents at the End of the Year	6,315	4,867
Components of Cash and Cash Equivalents as at*	31-Mar-08	31-Mar-07
	Rs.in '000s	Rs.in '000s
Cash and Cheques on Hand	152	192
With banks - on Current Account	6,163	4,675
Cash and Cash Equivalents at the End of the Year	6,315	4,867

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

per **Bharat Varadachari**
Partner
Membership No.205076

Place : Chennai
Date: July 29, 2008

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman
R.M. KASTIA
Director

S. NARAYANAN
Secretary
Place : New Delhi
Date: July 29, 2008



HTL LIMITED
Schedules to the Financial Statements

	As at 31.03.2008 Rs. in 000's	As at 31.03.2007 Rs. in 000's
Schedule 1 : Share Capital		
Authorised Capital		
2,000,000 Equity Shares (Previous year 2,000,000) of Rs.100 each	200,000	200,000
Issued, Subscribed and Paid up capital		
1,500,000 (Previous year 1,500,000) Equity Shares of Rs. 100 each , fully paid up	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

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.

Schedule 2 : Reserves and Surplus

Capital Reserve: *	-	-
	<u>-</u>	<u>-</u>

* Represents Rs.1/- (Previous year Rs. 1/) for land acquired free of cost from Tamilnadu State



HTL LIMITED
Schedules to the Financial Statements

	As at		As at	
	31.03.2008		31.03.2007	
	Rs. in 000's		Rs. in 000's	
Schedule 3 : Loan Funds				
Secured : **				
From Banks :				
Working Capital Demand Loans	23,034		23,034	
Cash Credit facilities	750,207		809,974	
Add: Interest accrued and due	<u>579,392</u>	1,352,633	<u>379,623</u>	1,212,631
		<u>1,352,633</u>		<u>1,212,631</u>
Unsecured :				
Loan from Govt. of India *	62,420		62,420	
Add: Interest accrued and due	<u>151,527</u>	213,947	<u>136,814</u>	199,234
Short Term Loan from Holding Company (Interest Free)		-		5,000
		<u>213,947</u>		<u>204,234</u>
		<u>1,566,580</u>		<u>1,416,865</u>

** (Refer Note c - 4 (a) of schedule 20)

* (Refer Note c - 4 (b) of schedule 20)



HIL LIMITED
Schedules to the Financial Statements
Schedule 4 : Fixed Assets

(Rs. in '000s)

Description of Assets	Gross Block			Accumulated Depreciation			Net Block		
	April 1, 2007	Additions	Deletions	March 31, 2008	April 1, 2007	Charge during the year	Deletions	March 31, 2008	March 31, 2007
Freehold Land	588	-	-	588	-	-	-	588	588
Leasehold Land	244	-	-	244	-	-	-	244	244
Buildings	45,778	-	1,037	44,741	30,492	1,304	345	13,290	15,286
Plant & Machinery	420,031	2,952	-	422,983	378,570	9,303	-	35,110	41,461
Furniture & Fixtures	15,779	-	108	15,671	15,061	311	108	407	718
Vehicles	1,847	-	-	1,847	1,754	-	-	93	93
Airconditioning Plant	7,385	54	-	7,439	7,011	136	-	292	374
Office Equipment	7,621	-	-	7,621	7,193	133	-	295	428
Data Processing Equipment	20,043	580	59	20,564	18,887	548	59	1,188	1,156
Total	519,316	3,586	1,204	521,698	458,966	11,735	512	470,191	60,348
Previous Year	520,335	295	1,314	519,316	441,825	17,991	848	458,968	60,348

Notes:

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



HTL LIMITED
Schedules to the Financial Statements

	As at 31.03.2008 Rs. in 000's		As at 31.03.2007 Rs. in 000's	
Schedule 5: Inventories				
Stores and Spare Parts:				
Stores and Spares	5,362		5,374	
Dies, Jigs and Fixtures	-		660	
	<u>5,362</u>		<u>6,034</u>	
Less: Provision for Non Moving	<u>4,973</u>	389	<u>4,973</u>	1,061
Materials and Components (Including Material in Transit and under inspection Rs. 4.64 lacs, Previous year Rs.1,648.53 lacs)	224,954		191,253	
Less: Provision for Non Moving	<u>176,015</u>	48,939	<u>178,850</u>	12,403
Finished Goods	11,735		11,760	
Less: Provision for Non Moving	<u>11,735</u>	-	<u>11,728</u>	32
Work-in-Progress	103,424		103,147	
Less: Provision for Non Moving	<u>80,785</u>	22,639	<u>70,265</u>	32,882
	<u>71,967</u>		<u>46,378</u>	

**Schedule 6: Sundry Debtors
(Unsecured)**

**Debts outstanding for a period exceeding
six months**

*Considered Good	847,645	1,750,394
Considered Doubtful	340,427	317,780

Other Debts

Considered Good	20,996	66,742
	<u>1,209,068</u>	<u>2,134,916</u>
Less: Provision for Doubtful Debts	340,427	317,780
	<u>868,641</u>	<u>1,817,136</u>

*After adjusting Rs. 132.65 lacs (net) (previous year Rs. 172.14 lacs (net) for which invoices are yet to be raised.



HTL LIMITED
Schedules to the Financial Statements

	As at 31.03.2008 Rs. in 000's	As at 31.03.2007 Rs. in 000's
Schedule 7: Cash & Bank Balances		
Cash in Hand	152	192
Balances with Scheduled Banks:		
On Current Accounts	6,163	4,675
On Term Deposits *	<u>293,646</u>	<u>220,749</u>
	<u><u>299,961</u></u>	<u><u>225,616</u></u>
*receipts pledged with Banks		
Schedule 8: Other Current Assets (Unsecured, Considered Good)		
Interest Accrued on Deposits and Others	2,410	3,965
Fixed Assets held for Sale	1,374	1,374
Claims Receivable*	86,810	86,810
	<u><u>90,594</u></u>	<u><u>92,149</u></u>
(*Refer Note 8 of schedule 20)		
Schedule 9: Loans and Advances (Unsecured)		
Considered Good		
Loans to Employees	552	746
Advances, Recoverable in cash or in kind or for value to be received	20,754	17,346
Balances with Customs, Excise etc.	1,024	157
Advance Income Tax (net of provisions)	9,690	-
Deposits - others	<u>41,024</u>	<u>42,917</u>
	<u><u>73,044</u></u>	<u><u>61,166</u></u>
Considered Doubtful		
Advances, Recoverable in cash or in kind or for value to be received	44,961	45,138
Balances with Customs, Excise etc.	<u>339</u>	<u>339</u>
	<u><u>45,300</u></u>	<u><u>45,477</u></u>
Less : Provision for Doubtful Advances	(45,300)	(45,477)
	<u><u>73,044</u></u>	<u><u>61,166</u></u>



HTL LIMITED
Schedules to the Financial Statements

	As at 31.03.2008 Rs. in 000's	As at 31.03.2007 Rs. in 000's
Schedule 10: Current Liabilities & Provisions		
a. Current Liabilities :		
Acceptances	34,991	3,085
Sundry Creditors	2,218,437	2,666,729
Advance from Customers	20,000	-
Interest Accrued but not Due on Loans	89	89
Other Liabilities	210,708	329,523
	<u>2,484,225</u>	<u>2,999,426</u>
b. Provisions:		
Income Tax (Net)	-	27,885
Leave Encashment Benefit	27,459	27,810
Gratuity	80,338	84,528
	<u>107,797</u>	<u>140,223</u>
	<u>2,592,022</u>	<u>3,139,649</u>
Schedule 11: Miscellaneous Expenditure (to the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenditure		
Opening Balance	9,393	2,235
Add : Incurred during the year	-	13,350
Less: Written-off during the year	4,944	6,192
	<u>4,449</u>	<u>9,393</u>

**HTL LIMITED****Schedules to the Financial Statements**

	Year ended 31.03.2008 Rs. in 000's	Year ended 31.03.2007 Rs. in 000's
Schedule 12 : Turnover (Gross)		
Sale of Goods	17,121	99,031
Service Charges	26,373	8,338
	43,494	107,369

Schedule 13 : Other Income

Interest Received from		
Banks *	20,118	8,050
Others	439	26
Rent	644	578
Foreign Exchange Fluctuation (Net)	116,492	30,732
Profit on sale of Fixed Assets	103	-
Excess Liabilities Written Back	465	-
Scrap Sales	61	14
Liquidated Damages recovered	-	13,315
Miscellaneous	237	10,591
	138,559	63,306

* Tax deducted at source Rs. 38.52 lacs (previous year Rs. 1.21 lacs)



HTL LIMITED
Schedules to the Financial Statements

	Year ended 31.03.2008 Rs. in 000's	Year ended 31.03.2007 Rs. in 000's
Schedule 14 : Materials & Components Consumed		
Opening Stock	191,253	201,266
Add: Purchases during the year	<u>50,210</u>	<u>76,891</u>
	241,463	278,157
Less: Closing Stock	<u>224,954</u>	<u>191,253</u>
	16,509	86,904
Outside Labour Charges	18,241	525
	<u><u>34,750</u></u>	<u><u>87,429</u></u>

Schedule 15: Personnel Expenses

Salaries, Wages and Bonus	113,889	126,871
Contribution to Provident and Other Funds	11,714	13,210
Gratuity	14,925	14,168
Workmen and Staff Welfare expenses	12,263	13,767
	<u><u>152,791</u></u>	<u><u>168,016</u></u>



HTL LIMITED
Schedules to the Financial Statements

	Year ended 31.03.2008 Rs. in 000's	Year ended 31.03.2007 Rs. in 000's
Schedule 16 : Operating and Other Expenses		
Stores and Spares Consumed	203	142
Consumable Tools	726	44
Power and Fuel	5,020	6,527
Repairs and Maintenance:		
Plant and Machinery	4	7
Buildings	2,594	2,550
Others	929	797
Rent	1,006	1,078
Rates & Taxes	2,400	1,462
Insurance	1,470	1,862
Freight Outward (Net)	4,740	2,252
Research & Development Expenses	2,347	595
Professional & Consultancy charges	3,774	6,690
Security charges	2,502	1,729
Telephone charges	1,020	1,230
Liquidated Damages on Sales	22,478	18,206
Payment to Auditors		
As Auditors	843	842
For Tax Audit	225	225
Reimbursement of Expenses	52	77
Donation	-	1
Travelling and Conveyance	5,562	4,438
Directors' Sitting Fees	48	53
Loss on disposal of fixed assets	-	94
Legal expenses	6,703	309
General office expenses	543	615
Maintenance of office vehicles	547	626
Miscellaneous Expenses	1,035	4,713
	<u>66,771</u>	<u>57,164</u>

Schedule 17 : Provision for Inventory (net)

Materials and Components	(2,835)	(4,005)
Finished Goods	7	53
Work-in-Progress	10,520	(2,531)
	<u>7,692</u>	<u>(6,483)</u>



HTL LIMITED
Schedules to the Financial Statements

	Year ended 31.03.2008 Rs. in 000's	Year ended 31.03.2007 Rs. in 000's
Schedule 18: Increase in inventories		
Inventories as at 31.03.2008		
Finished Goods	11,735	11,760
Work-in-Progress	103,424	103,147
	<u>115,159</u>	<u>114,907</u>
Inventories as at 31.03.2007		
Finished Goods	11,760	11,830
Work-in-Progress	103,147	102,145
	<u>114,907</u>	<u>113,975</u>
	<u>(252)</u>	<u>(932)</u>

Schedule 19: Financial Expenses

Interest :

To Banks				
On Cash Credit and others	233,493		188,112	
On Government of India Loan	14,713		14,298	
To Others	<u>78,844</u>	<u>327,050</u>	<u>99,671</u>	<u>302,081</u>
Bank Charges		<u>10,235</u>		<u>7,101</u>
		<u>337,285</u>		<u>309,182</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 except as disclosed below.

Till March 31, 2007, the Company was providing for gratuity based on actuarial valuation as per certificate from Life Insurance Corporation ("LIC"). In the current year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method. The impact of this change is not having material impact on the current year losses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Revenue Recognition

Revenue on sale of goods 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. Revenue with respect to service charges is recognized as related services are performed.

Interest is recognized using the time-proportion method.



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. 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. There are no other obligations of the Company apart from such contributions.
- (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 as the case may be, 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 term deposits with the banks with an original maturity of three months or less.



C. NOTES ON ACCOUNTS

1. Contingent Liabilities (not provided for):

	Particulars	(Rupees in thousands)	
		2007-08	2006-07
A.	Unredeemed bank guarantees.	2,650	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	62,005	55,375
(c)	Income tax demand for penal interest on additional liability for disallowance of provision for inventory	805	3,665
(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.	51,800	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. 451,896 thousands (Previous year Rs. 624,071 thousands) during the current year and has accumulated losses of Rs.2,846,224 thousands (Previous year: Rs 2,394,328 thousands) as at March 31, 2008, resulting in negative net worth of Rs. 2,700,673 thousands (Previous year Rs. 2,253,721 thousands). The Company's current liabilities exceed its current assets by Rs. 1,187,815 thousands as of that date. Further, the Company has overdrawn borrowings from banks by Rs. 530,940 thousands (Previous year Rs 583,008 thousands) and also has overdue loans from Government of India amounting to Rs.60,420 thousands (Previous year: Rs 56,420 thousands) together with interest accrued and due thereon of Rs.151,527 thousands (Previous year: Rs 136,814 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's ability to continue as a going concern in spite of the present losses is dependent upon infusion of funds for its operations. The Ministry of Communications and Information Technology has approved the Company's request to sell freehold land of 11.02 acres ('the land') situated in the Developed plot in Thiru Vi Ka Industrial Estate, Guindy Chennai in previous year.



The land was offered for sale in the previous year by e-auction at a consideration of Rs. 27.10 crores per acre.

However, based on the request of Small Industrial Development Corporation ('SIDCO'), the Government of Tamil Nadu has decided to take back the land and to pay market value prevailing on the date of the relinquishing of the land. SIDCO has 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.

The Company approached the High Court of Madras with the Writ Petition against the Government Order and has been granted interim stay till 30/07/2008. The Company is hopeful of winning the case and also to complete the other formalities of sale during the current year. 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 addition, the Company is also having plans to diversify into manufacture of ADSL modems and other related products to strengthen its manufacturing base.

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. 322,052 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 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.151,527 thousands (Previous year Rs. 136,814 thousands) is due to Government of India (GoI). As at March 31, 2008, out of the total loan of Rs.62,420 thousands, an amount of Rs. 60,420 thousands (Previous year Rs 56,420 thousands) is overdue for payment. In addition to this, instalments of loan repayable within one year are Rs 2,000 thousands (Previous year Rs. 4,000 thousands). 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) During the year, the National Highways Authority of India (NHAI) has paid a compensation of Rs.683 thousands towards the structure situated at the land acquired by NHAI in the previous year.

c) 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 under lease cum sale transaction in 1983. The Company is yet to sign formal agreement with the State Industries Promotion Corporation of Tamil Nadu Limited after fulfilling the necessary terms and conditions of allotment of land.

6. (a) As at 1.04.2007, aggregate sales amounting to Rs.1,395,945 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, provisional sales of Rs 36,568 thousands was firmed up during the year on receipt of firm price orders by the Company and the balance Sales of Rs 1,359,377 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, 2008, 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. There are no sales made at provisional prices in the current year.

(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. The Company has started receiving C Forms from BSNL/MTNL and it is fully hopeful of receiving all the above C Forms.

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. Further, no provision for the balance amount of Rs.1,510 thousands (Previous year Rs.1,510 thousands) is considered necessary as the management is fully hopeful of receiving the sales tax forms for the same.

(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].
9. Details of Prior Period Income/ Expenditure are as follows:

(Rs. in thousands)

Particulars	2007-2008	2006-2007
Income		
Service Tax	-	-
Sub-total (a)		0.00
Expenditure		
Material Purchases (net)	-	(83)
Royalty	-	3,018
Insurance	-	814
Freight Outward	-	- 950
Service tax	-	2,089
Sales tax	-	(6,558)
Interest on sales tax	-	(6,295)
Sub-total (b)	-	(6,065)
Total	-	(6,065)

10. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), notified by the Companies Accounting Standards Rules, 2006, 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 realised.
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. The Chief Operating Officer (erstwhile) of the Company Mr Chidambaram has resigned w.e.f May 15, 2007. The Company has appointed Mr D. P. Gupta as the Chief Operating Officer of the Company on June 25, 2007, at a remuneration of Rs. 26.03 lacs per annum, which is in excess of the limits prescribed under section 309 of the Companies Act. Hence, Central Government approval is required before the appointment. The Company is in process of obtaining necessary approvals and condonation for delay in approval. Pending final determination of the outcome in the matter, no adjustments have been considered in these financial statements.
13. 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.

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 (HFCLIL) Connect Broadband Services Limited
Other companies under common control:	Microwave Communications Limited Himachal Exicom Communications Limited (HECL) 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 Monata Finance Private limited
Key management personnel:	Mr. S. Chidambaram, Chief Operating Officer and Manager [Upto May 15, 2007] Mr. D.P.Gupta, Chief Operating Officer and Manager [W.e.f. June 25, 2007]



During the year, the Company has entered into transactions with related parties. Those transactions along with related balances at March 31, 2008 and March 31, 2007 are presented in the following table:

(Rs. in thousands)

Particulars	2007-08			2006-07		
	Holding Company	Entities Under Common Control	Key Management personnel	Holding Company	Entities Under Common Control	Key Management personnel
Name of the Party	HFCL	HECL	Chief Operating Officer*	HFCL	HECL	Chief Operating Officer*

a. Transactions during the year

Rent received	329	128	-	304	-	-
Expenses recovered	174	59	-	199	43	-
Purchase of goods	4	-	-	-	1,593	-
Sale of services	26,373***	-	-	-	54	-
Loan received	-	-	-	5,000**	-	-
Loan repaid	5,000**	-	-	-	-	-
Expenses paid	4,560	-	-	2,110	-	-

b. Balances

Creditors	109,270	2,282	-	109,852	3,156	-
Unsecured loan	-	-	-	5,000	-	-
Debtors	24,563	-	-	-	218	-
Advances payable	20,200	-	-	200	-	-
Remuneration payable	-	-	72	-	-	129

* 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. This loan has been repaid in current year.

*** excluding service tax.



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

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy with Life Insurance Corporation.





The following tables summaries the components of net benefit expense recognised in profit and loss account and the funded status and amounts recognised in the balance sheet.

(Rs. in thousands)

Particulars	Year Ended March 2008
Obligations at the beginning of the period	85,434
Current service cost	2,156
Interest cost	6,540
Actuarial gain / losses	6,294
Benefits paid	(19,206)
Obligations at the end of the period	81,218
Change in plan assets	
Plan assets at period beginning, at fair value	906
Expected return on plan assets	65
Actuarial gain /(loss)	3
Contributions	19,112
Benefits paid	(19,206)
Plan assets at period end, at fair value	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	880
Present value of defined benefit obligations at the end of the period	81,218
Asset/ (Liability) recognised in the balance sheet	(80,338)
Gratuity cost for the period	
Current service cost	2,156
Interest cost	6,540
Expected return on plan assets	(65)
Actuarial gain / losses	6,294
Net gratuity cost	14,925
Particulars	Year Ended March 2008
Defined Benefit Obligation	81,218
Plan Assets	880
Surplus / (deficit)	(80,338)
Experience adjustments on plan liabilities	6,199
Experience adjustments on plan assets	3
Assumptions:	
Interest rate	8%
Estimated return on plan assets	8%
Weighted average increase in compensation	4.5%
Attrition Rate	1-3%
Retirement expectancy in years	58



The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The prior year comparative for the above are not disclosed since the revised standard is effective for the Company from April 1, 2007.

17. Earnings Per Share:

	March 31, 2008	March 31, 2007
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)	(451, 896)	(624,071)
Basic and Diluted Earnings Per Share (in Rs.)	(301.26)	(416.05)



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	
			2007-08	2006-07
Switching Products	No. of 'K' Lines	1,500	-	-
Power Plant	Nos.	2,000	-	-
EPBT Nos.	500,000	-	-	-
STM- Rail Tel	Systems	-	-	18
NIB – Broadband	Systems	-	-	-
Corduct: Infra	No. of Lines	50,000	-	-
Corduct: FRS	No. of Lines	50,000	-	-

(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.	-	-	-	-	-	-
		(1)	(122)	(-)	(-)	(-)	(-)
ii) EPBT	Nos	125	32	-	-	-	-
		(132)	(33)	(-)	(-)	(125)	(32)
iii) STM (Rail Tel)	None	-	-	-	1,181*	-	-
	(Systems)	(-)	(-)	(18)	(17,338)	(-)	(-)
iv) NIB	None	-	-	-	7,542*	-	-
	(Systems)	(-)	(-)	(-)	(66,831)	(-)	(-)
v) Others**		-	-	-	6,889	-	-
			(-)		(11,549)		(-)
Total			32		15,612		-
			(155)		(95,718)	-	(32)

* 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, firming 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	2007-08			2006-07		
		Qty. M. Tons	(Rs. In thousands)		Qty. M. Tons	(Rs. in thousands)	
			Imported	Indigenous		Imported	Indigenous
a)	Steel	1.763	-	80	15.872	-	427
b)	Aluminium	0.026	-	4	0.072	-	9
c)	Brass, Bronze, Copper and Metal	0.108	-	8	-	-	-
	Sub - Total (a)		-	92		-	436
			0.00%	100%		0.00%	100%

b). Components*

	Class of Material	2007-08		2006-07	
		(Rs. In thousands)		(Rs. In thousands)	
		Imported	Indigenous	Imported	Indigenous
a)	Steel	57	316	854	859
b)	Plastic / Rubber	0	9	6	142
c)	Electrical / Cable	2,302	637	3,463	958
d)	Electronic	12,908	188	70,657	9,469
e)	Mechanical / Paper	0	0	-	60
	Sub - Total (b)	15,267	1,150	74,980	11,488
		93%	7%	87%	13%
	Total (a + b)	15,267	1,242	74,980	11,924

* 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	
	2007-08	2006-07	2007-08	2006-07
Indigenous	203	142	100%	100%

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

(Rs. in thousands)

Particulars	2007-08	2006-07
i) Materials and Components	7,744	58,484
ii) Capital Goods	2,170	204

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

(Rs. in thousands)

Particulars	2007-08	2006-07
Consultancy	-	2,540
Foreign Travel	238	171

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

(Rs. in thousands)

	2007-08*	2006-07
Salary and Allowances	1,862	1,757
Contribution to Provident Fund	103	117
Other Benefits	348	139
Retirement Benefits	394	-
Total	2,707	2,013

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

* includes Rs 786.42 thousands (Previous year Rs 2,013) paid to erstwhile Chief Operating officer.

- 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, 2008		March 31, 2007	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	23,501,633	942,415,485	32,792,933	1,436,904,340
	EURO	599,133	38,035,981	599,032	35,130,203
	JPY	510,250	206,243	510,250	190,578



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 report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

Per Bharat Varadachari
Partner
Membership 205076

Place : Chennai
Date : July 29, 2008

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S. NARAYANAN
Secretary

Place : New Delhi
Date : July 29, 2008



HTL LTD.

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

ATTENDANCE SLIP

I hereby record my presence at the 46th Annual General Meeting held on **Friday, the 12th September, 2008 @ 12.00 noon** at GST Road, Guindy, Chennai - 600 032.

Name :

Folio No. :

No. of Shares :

Address :

Member's / Proxy's Signature

PROXY FORM

HTL LTD.

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

I/We..... of
..... in the district of..... being
a Member of above named Company hereby appoint.....
of..... in the district of..... as my / our
proxy to vote for us on my / our behalf at the Annual General Meeting of the Company to be held
on Friday, the 12th September, 2008 @ 12.00 noon and at any adjournment thereof.

Signed this day....., 2008.

For office use only

Proxy No. :

Regd. Folio No. :

No. of shares :

Affix
1 Rupee
Revenue
Stamp

Notes:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be a Member.