



49th Annual Report 2009-2010



HFCL GROUP

HTL Ltd.



HTL LTD.

BOARD OF DIRECTORS AS ON 31.3.2010

SHRI MAHENDRA NAHATA	CHAIRMAN
DR.R.M.KASTIA	WHOLE TIME DIRECTOR
SHRI M.P.SHUKLA	DIRECTOR
SHRI Y.L.A GARWAL	DIRECTOR
SHRI A.K.SRIVASTAVA	NOMINEE DIRECTOR, GOVT. OF INDIA
SHRI MANISH SINHA	NOMINEE DIRECTOR GOVT.OF INDIA

SHRI D.P.GUPTA	CHIEF OPERATING OFFICER
SHRI S.NARAYANAN	COMPANY SECRETARY & GENERAL MANAGER (LEGAL)

BANKERS

STATE BANK OF INDIA
Guindy, Chennai – 600 032.

CANARA BANK
Guindy, Chennai – 600 032.

AXIS BANK LTD.
Dr.Radhakrishnan Salai,
Chennai – 600 004.

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

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

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.



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HTL LTD.

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

NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of HTL Ltd. will be held on **Wednesday, the 29th September 2010 @ 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, 2010 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of **Shri Mahendra Nahata** who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of **Shri M.P.Shukla** who retires by rotation and being eligible offers himself for reappointment.
4. To consider and approve the Appointment & Remuneration of **Dr.R.M.Kastia** as a Whole Time Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and also subject to the approval of the Central Government wherever required and such other approvals as may be necessary, consent of the Company be and is hereby accorded for the appointment of **Dr. R. M. Kastia** as the Whole Time Director of the Company w.e.f. 1st February 2009 for a period of three years upon the terms and conditions set out in the explanatory statement annexed to this notice convening this meeting including remuneration to be paid in the event of loss or inadequacy of profit in any financial year.”

5. To appoint Auditors for the financial year 2010-2011 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 an ordinary resolution:

“RESOLVED that Shri Y.L.Agarwal, who was appointed with effect from 28th December,2009 as an Additional Director of the Company by the Board of Directors under Section 260 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 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 : 31st August 2010

(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 Dr.R.M.Kastia as Whole Time Director:

Dr.R.M.Kastia is a post graduate from the University of Rajasthan possessing a Doctorate Degree in Chemistry. He is also a member of British Institute of Management (London). He is having more than 47 years of rich experience and of which about 20 years of rich experience in Telecom Industry in senior positions. He is having good contacts with Top level executives in the Telecom Industries. He has been appointed to oversee the operations of the Company and also to expedite the process of revival of the Company.

The information required under Schedule XIII of the Companies Act, 1956 are furnished in the **Annexure - I** , which is forming part of this Explanatory Statement.

The appointment of Dr.R.M.Kastia as Whole Time Director is for a period of three years w.e.f. 1.02.2009 on the terms and conditions including remuneration and the same has been approved by the Board on 30.3.2010 and a copy of the appointment letter of Dr.R.M.Kastia is enclosed as **Annexure-II**. The same may be treated as the abstract of the terms and conditions of the appointment of the Whole Time Director under Section 302 of the Companies Act, 1956.

Dr.R.M.Kastia is not employed anywhere other than in HTL Ltd.

None of the Directors except Dr.R.M.Kastia is concerned or 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 the above Resolution.

(iii) Item No : 6 Appointment of Shri Y.L.Agarwal as a Director.

Shri Y.L.Agarwal has been appointed as an Additional Director by the Board on 28th December, 2009 as per the provisions of Section 260 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 Y.L.Agarwal as a Director of the Company.

Shri Y.L.Agarwal is a graduate in Science and also a B.E. & DFIETE .He is having a rich experience of more than 47 years in Telecom and Broadband services. He was the President of Institution of Electronics and Telecom Engineers for two terms and is also a distinguished fellow of the said Institution. He is ex- Chairman and Managing Director of the Telecommunication Consultants India Limited (TCIL).He is a Director of M/s. Electronics System Punjab Limited, M/s. Himachal Futuristic Communications Limited and M/s. HFCL Kongsung Telecom Limited. He is a Member of the Remuneration Committee and Audit Committee of M/s. Himachal Futuristic Communications Limited.

Shri Y.L.Agarwal is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is concerned or interested in the above Resolution.

The members are, therefore, requested to accord their approval for the appointment of Shri Y.L.Agarwal as a Director.

Registered Office
GST Road, Guindy
Chennai – 600 032.

By Order of the Board
For HTL Ltd.

Place : Chennai
Date : 31st August 2010

(S.Narayanan)
Company Secretary



Statement as per proviso (iv) of Part (B) of Part II of Schedule-XIII of the Companies Act, 1956

Details		Information																									
I. General Information																											
(1)	Nature of Industry	Manufacture, Supply & Installation of Switching, Transmission, Access Products and other Telecom equipments, Executing 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	<table border="1"> <thead> <tr> <th rowspan="2">Financial Parameters</th> <th colspan="3">Years</th> </tr> <tr> <th>2006-07</th> <th>2007-08</th> <th>2008-09</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>978.39</td> <td>1883.01</td> <td>3939.33</td> </tr> <tr> <td>Net Profit / (Loss)</td> <td>(6240.71)</td> <td>(4518.96)</td> <td>(10426.96)</td> </tr> <tr> <td>Amount of dividend paid</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Rate of dividend paid</td> <td>NA</td> <td>NA</td> <td>NA</td> </tr> </tbody> </table>			Financial Parameters	Years			2006-07	2007-08	2008-09	Turnover	978.39	1883.01	3939.33	Net Profit / (Loss)	(6240.71)	(4518.96)	(10426.96)	Amount of dividend paid	Nil	Nil	Nil	Rate of dividend paid	NA	NA	NA
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(5)	Export performance and net foreign exchange collaborations	Nil																									
(6)	Foreign investments or collaborators, if any.	Nil																									
II. Information about the appointee																											
(1)	Background details	Dr.R.M.Kastia is a post graduate from the University of Rajasthan possessing Doctorate Degree in Chemistry.He is also a fellow Member of British Institute of Management (London).He is having more than 47 years of rich experience and of which about 20 years in Telecom Industries occupying senior positions.He is having very good contacts of all top officials in the Telecom Industry.																									



(2)	Past remuneration	Organisation	Period	Total Amount (Rs)																														
(3)	Recognition or awards	Nil																																
(4)	Job Profile and his suitability	<p>He is superseeing the overall operations of the Company, coordination with all Govt.Depts., finalisation of revival package, management of funds etc.</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 Remuneration Committee & Board of Directors in their meeting held on 30.3.2010 subject to the approval of the Shareholders and the Central Government, New Delhi.</p> <p>Period From 1.2.2009 to 31.1.2010</p> <table border="1" data-bbox="948 322 1347 1290"> <thead> <tr> <th>Item Description</th> <th>Rs. Per Month</th> <th>Rs. Per Annum</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>360000</td> <td>4320000</td> </tr> <tr> <td>House Rent Allowance (Lease)</td> <td>216000</td> <td>2592000</td> </tr> <tr> <td>Expenditure on Gas,Electricity, Water & Furnishings (Max.)*</td> <td></td> <td>432000</td> </tr> <tr> <td>Medical Reimbursement (Max.)*</td> <td></td> <td>360000</td> </tr> <tr> <td>Leave Travel Concession (Max.)*</td> <td></td> <td>360000</td> </tr> <tr> <td>Insurance Premia - Medical/ Accident (max.)*</td> <td></td> <td>30000</td> </tr> <tr> <td>Contribution to Provident Fund</td> <td>43200</td> <td>518400</td> </tr> <tr> <td>Contribution to Gratuity</td> <td></td> <td>207692</td> </tr> <tr> <td>* Subject to actuals</td> <td></td> <td>8820092</td> </tr> </tbody> </table>	Item Description	Rs. Per Month	Rs. Per Annum	Basic Salary	360000	4320000	House Rent Allowance (Lease)	216000	2592000	Expenditure on Gas,Electricity, Water & Furnishings (Max.)*		432000	Medical Reimbursement (Max.)*		360000	Leave Travel Concession (Max.)*		360000	Insurance Premia - Medical/ Accident (max.)*		30000	Contribution to Provident Fund	43200	518400	Contribution to Gratuity		207692	* Subject to actuals		8820092		
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(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)	Dr.R.M.Kastia was drawing the same basic salary of Rs. 3,60,000/- per month along with perks & allowances during his previous employment with M/s.Himachal Futuristic Communications Ltd. as a Whole Time Director. Hence his remuneration is either at par or less than the remuneration drawn by persons of similar qualification and experience in Telecom Companies.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Dr.R.M.Kastia is not related to any of the Directors of the Company.
III	Other information	
(1)	Reasons of loss or inadequate profits.	The major reasons for losses are: 1. Sharp decline in orders for switching due to decline in landlines. 2. Steep fall in contributions due to undercutting by MNCs.. 3. Sudden withdrawal of advances with orders on disinvestment resulted in shortage of working capital. 4. Denial of facility of exemption from furnishing of Bid Bond Security and Performance Bank Guarantee after disinvestment. 5. The Working Capital limits sanctioned during 2000 have not been refixed by Banks in tune with the requirements of the Company. 6. Increase in incidence of interest costs due to delay in clearing the overdues. 7. Multiple litigations delayed the process of restructuring.
(2)	Steps taken or proposed to be taken for improvement.	The enquiry proceedings of Hon'ble BIFR / AAIFR are in progress. In the mean time efforts are taken in association with the secured creditors viz., Consortium of Banks to arrive at an amicable settlement of their dues and thereby expedite the process of revival of the company by sale of surplus land and by obtaining fresh credit limits.
(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. Yes. The same is being included in the Notice of their Meeting.
(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, bonus, 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 is being made.



HTL Ltd.,
Registered office:
GST Road, Guindy
Chennai 600 032
(INDIA)

The Board has accorded its approval to the appointment of Dr. R.M. Kastia as Wholetime Director of the Company w.e.f. 1st February, 2009 for a period of three years. The terms and conditions of his appointment and remuneration payable to him are detailed below:

A. Basic Salary

Basic salary of Rs. 3,60,000.00 per month with annual increment of Rs. 36,000/- falling due on 1st February every year during the tenure of appointment.

B. Perquisites

In addition to salary, the above Wholetime Director will be allowed perquisites as specified in Category A, B and C as specified below:-

Category - A

- a) The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of sixty percent of the salary.
- b) In case the accommodation is owned by the Company, ten percent of the salary of the Wholetime Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing (s).
- d) The expenditure incurred by the Company for gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Wholetime Director.
- e) **Medical Reimbursement:** Expenditure incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- f) **Leave Travel Concession:** For self and family, once in a year in accordance with the rules of the Company.
- g) **Club Fees:** Fees of Clubs subject to a maximum of two clubs. This will not include life time membership fees.
- h) **Personal Medical/Accident Insurance:** Personal Medical / Accident Insurance of an amount, the annual premium of which shall be paid as per rules of the Company.



HTL Ltd.,

Registered office:
GST Road, Guindy
Chennai 600 032
(INDIA)

Category - B

The Company's contribution to Provident Fund and Superannuation or Annuity Fund shall be as per Rules of the Company as applicable to Senior Executives. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service and encashment of leave will be given as per the rules of the Company.

Category - C

The Company shall provide car with driver for use of the Wholetime Director. The Company shall also provide telephone facility at the residence of the Wholetime Director.

Other Terms

- i. The Wholetime Director is entitled to reimbursement of all actual expenses including on entertainment and traveling incurred in the course of the Company's business.
- ii. The Wholetime Director is entitled to avail of fully paid leaves as per the rules of the Company as applicable to Senior Executives.
- iii. The Wholetime Director, subject to the applicable provisions of the Companies Act, 1956, is also eligible for housing loan as applicable in accordance with the rules of the Company.
- iv. The Wholetime Director is also entitled to the benefits under all other Schemes, privileges and amenities as are granted to the Senior Executives of the Company in accordance with the Company's practice, Rules and Regulations in force from time to time.
- v. The Wholetime Director is not entitled to payment of any sitting fees for attending meetings of the Board or of a Committee thereof.
- vi. The appointment shall be terminable by the Company by giving him six months' notice or on payment of six months' salary in lieu thereof and by him by giving six months notice.
- vii. For all other terms and conditions not specifically spelt out above, the rules and orders of the Company shall apply.
- viii. The Wholetime Director holds office as such, subject to the provisions of Section 283(1) of the Companies Act, 1956.

Minimum Remuneration

In case in any financial year during the currency of the tenure of the Wholetime Director, the Company has no profits or, the profits are inadequate, the Company shall, subject to the approval of the Central Government whenever required, and the provisions of Section 198, 269 & 309 of the Companies Act, 1956 and subject to the conditions and the limit specified in Schedule XIII of the Act, pay to the Wholetime Director basic salary, perquisites, and allowances as specified above.



HTL LTD.

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 49th Annual Report and Audited Accounts for the financial year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2009-10 Rs	2008-09 Rs
Sales, Services and Other Income	31.11	39.39
Profit (loss) Before Depreciation, Finance Charges and Taxation	(2.72)	(66.44)
Less : Depreciation	0.67	0.88
Finance Charges	40.25	36.95
Net Loss for the year	(43.64)	(104.27)
Add : Loss Brought Forward from Previous Year	(388.89)	(284.62)
Deficit carried to the Balance Sheet	(432.53)	(388.89)

DIVIDEND

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

SIGNIFICANT EVENTS OF THE YEAR

- (1) The Hon'ble Supreme Court of India dismissed the Special Leave Petition (SLP) filed by the SIDCO in respect of the vacant land measuring 11.021 acres of the Company at the admission stage itself on 4.9.2009 after condoning the delay in filing it. Further, the SLP filed by the Government of TamilNadu in this regard was also dismissed by the Hon'ble Supreme Court of India on 9.10.2009 at the admission stage itself after condoning the delay in filing it. Consequently, the SIDCO has executed & registered a Rectification Deed on 5.11.2009 in favour of the Company with a revised schedule of property incorporating the missed survey numbers.



- (2) The Company acquired a land measuring 15.09 acres at Hosur from SIPCOT in 1983 thru' a registered Lease cum Sale Agreement. A factory building has also been constructed in 3.50 acres of the said land & limited operations for a very short period were carried out. The SIPCOT has been extending the time till September 2008 for full utilization of the said land and the Company could not utilize the said land fully as planned due to its severe financial constraints faced from time to time. The Estate Officer, SIPCOT Industrial Complex, Hosur issued a Notice under the Tamilnadu Public Premises Eviction Act, 1975 for resumption of a portion of 11.50 acres out of the said land as unutilised as per the Clause 10 (a) & (b) of the Lease cum Sale Agreement. An enquiry was conducted on 29.4.2009 and the Company requested time till 31.8.2009 for utilizing the said portion of the land in anticipation of certain funds. But the Company could not utilize the said portion due to its continued financial crisis / various litigations. The Estate Officer, SIPCOT Industrial Complex, Hosur issued proceedings on 13.1.2010 ordering that the land measuring 11.50 acres should be vacated by the Company on or before 11 a.m. on 23.2.2010 by surrendering the said plots, failing which the Company will be evicted from the said portion of 11.50 acres and possession of the same will be resumed under Section 5 of the TamilNadu Public Premises (Eviction of Unauthorized Occupants) Act, 1975 on 23.2.2010 at 11 a.m. The Company filed a Writ in the Madras High Court against this action of SIPCOT and the Hon'ble High Court of Madras granted an interim stay of eight weeks on 22.2.2010. The hearing is in progress and the said stay is extended till further orders.
- (3) The Company has filed a reference to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) as per the audited balance sheet of the year 2001-02 in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The hearings took place on 3.12.2004, 29.11.2006, 16.4.2009 and 8.6.2009. In the hearing held on 8.6.2009, the Hon'ble BIFR Bench directed that the Company be declared as a sick industrial company in terms of section 3(1)(0) of SICA, 1985. Further, the Bench appointed SBI as the Operating Agency with directions to prepare a revival scheme, if feasible on or before 30.9.2009. The Company was directed to submit a draft rehabilitation proposal to SBI (OA) and the OA will examine the draft rehabilitation proposal of the Company, hold a Joint Meeting of concerned agencies and submit a Draft Rehabilitation Scheme (DRS) to the BIFR at the earliest.

The SBI initiated action under SARFAESI for realization of their dues from the Company and took formal possession of the freehold lands, which were mortgaged to them, on 29.6.2009. SBI, further issued letters to BSNL, MTNL and RailTel directing them not to release any payments to the Company and to remit the same to SBI. The Company filed an application before Debt Recovery Tribunal (DRT) against this action of SBI and the hearing is in progress.

During the hearing held on 27.8.2009 at BIFR, the SBI informed that the proceedings of BIFR have to be abated since action has been initiated under SARFAESI. But the Hon'ble BIFR not accepted this contention and ordered to proceed with the Rehabilitation process.

The SBI made an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the proceedings of the BIFR dated 27.8.2009 and obtained a stay on 13.1.2010. The Company has also made an appeal against the BIFR proceedings with particular reference to (1) the constitution of Assets Sale Committee without inclusion of the representative



of the Company and (2) the method of sharing the sale proceeds of surplus land without finalizing the Draft Rehabilitation Scheme(DRS). M/s. Pegasus Assets Reconstruction Pvt.Ltd. (the dues to Indus Ind Bank have been taken over) has filed a reply statement against the Company's Appeal requesting orders for upholding the proceedings of the BIFR dated 27.8.2009 with regard to the method of apportionment of sale proceeds of the surplus land (vacant land of 11.021 acres) and also to dismiss the appeal made by the Company. The Hon'ble AAIFR has ordered to hear all the applications together.

In order to settle the above legal issues & to expedite the revival process of the Company, the Company executed a Joint Application with SBI on 24.7.2010 . Wherein the Company has agreed to sell the vacant land of 11.021 acres under SARFAESI Act by SBI and also to adjust the dues of consortium of Banks out of the said sale proceeds and SBI agreed to continue the proceedings before the Hon'ble BIFR for approval of the Draft Rehabilitation Scheme for the revival of the Company. The said Joint Application has been filed with the Hon'ble AAIFR before the date of hearing i.e. 29.7.2010. The next hearing is fixed on 9.9.2010.

The Company's financial restructuring plan could not be carried out due to the above litigations and the Company is confident to overcome the above difficulties.

REVIEW OF OPERATIONS

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

(Rs in Lakhs)

PRODUCTS	2009-10 (Rs.)	2008-09 (Rs.)
Turnkey Project -RailTel	-	4.61
Turnkey Project - NIB-BSNL	-	96.66
IFWT	27.43	1956.24
STM	-	1012.19
Tower Erection Charges	1067.56	19.81
Tower Materials	331.72	-
Service Charges	7.09	649.97
Spares	18.96	61.76
Impact of price revision on sales made in earlier years	(30.86)	-
TOTAL	1421.90	3801.24



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

CURRENT POSITION AND OUTLOOK

The company's operations were impaired because of non-availability of working capital limits. However, now (July 2010) an amicable settlement with the secured creditors has been arrived at and the legal formalities for the proposed sale of vacant land of 11.021 acres are expected to be completed shortly. Thereafter, necessary working capital (both fund and non-fund based) will be made available by the banks and the company will be able to resume its normal business operations. This will certainly result in the improvement of its financial performance in future.

FIXED DEPOSITS

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

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the accounts for the financial year ended 31st March, 2010, 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, 2010 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, New Delhi retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

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

PERSONNEL

The manpower strength at the close of the year was 282 as compared to 340 at the beginning of the year.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 or amended forms part of this Report and annexed as ANNEXURE 2.

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 3 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

MAHENDRA NAHATA
CHAIRMAN

Place : New Delhi

Date : 27th August 2010



ANNEXURE 1 TO THE DIRECTORS' REPORT

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

(A) OBSERVATIONS IN THE AUDITORS' REPORT

Auditors' Observation:

4. (VI) Attention is invited to Note No.C-2 of Schedule 20 in the financial statements. The Company incurred a net loss of Rs. 436,368 thousands during the year and has accumulated losses of Rs 4,325,288 thousands as at March 31, 2010, which has resulted in negative net worth of Rs. 4,175,288 thousands. The Company's current liabilities have exceeded its current assets by Rs 1,980,408 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 591,327 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands together with interest accrued and due thereon of Rs. 181,461 thousands. The turnover during the current year is only Rs 145,276 thousands. The Company's plans to raise fund are dependent on resolution of various uncertainties and litigation involving the sale of land as referred in the above note. These factors along with other matters as set forth in the above note raise substantial doubt that the Company will be able to continue as a going concern. The Company is hopeful of a successful outcome in the litigation. The Company has also received orders for erection of Telecom Towers and is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In view of the management's expectation of the successful outcome of the above proposals, the financials statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.

Reply of the Board:

The Company is confident to clear its over dues on realization of proceeds of the proposed sale of vacant land of 11.021 acres. After the dismissal of the Special Leave Petitions filed by SIDCO and the Government of Tamil Nadu by the Hon'able Supreme Court of India on 4.9.2009 and 9.10.2009 respectively, the SIDCO has executed & registered a Rectification Deed on 5.11.2009 in favour of the Company with a revised schedule of property incorporating the missed survey numbers.

In order to settle the above legal issues & to expedite the revival process of the Company, the Company executed a Joint Application with SBI on 24.7.2010. Wherein the Company has agreed to sell the vacant land of 11.021 acres under SARFAESI Act by SBI and also to adjust the dues of consortium of Banks out of the said sale proceeds and SBI agreed to continue the proceedings before the Hon'ble BIFR for approval of the Draft Rehabilitation Scheme for the revival of the Company. The Company is confident in settling the dues of all secured creditors and in reviving the operations on completion of certain legal formalities.



Though there is a good potential for Telecom Products & the Company is having necessary expertise, it could not perform well mainly due to lack of credit facilities from Bankers and also its acute financial constraints. In the said circumstances, the Company achieved a turn over of Rs. 14 Crores. The Company is confident to improve its performance substantially on completion of the proposed sale of above mentioned land. This matter has been explained in detail in Note No.C 2 of Schedule 20 of the Audited Statement of Accounts. All efforts are taken for continuance of the Company and hence, the Company is an ongoing concern only and the financial statements are finalized as an on going concern basis.

(B) OBSERVATIONS IN THE ANNEXURE TO AUDITORS' REPORT

1. Auditors' Observation:

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

Reply of the Board:

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

2. Auditors' Observation:

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

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

Reply of the Board:

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

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



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

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

3. Auditors' Observations:

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

Para (xi): Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the bank limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs.591,327 thousands. As at March 31, 2010 interest accrued and due on these loans is Rs1,103,228 thousands.

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, 2010, short term funds to the tune of Rs. 415.64 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 AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH
THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Employed throughout the year

Name of the Employee	: Dr.R.M.Kastia
Designation	: Whole Time Director
Nature of Employment	: Contractual
Remuneration *	: Rs. 88,20,092/-
Qualification & Experience	: Post Graduate & Doctorate in Chemistry. Fellow Member of British Institute of Management (London). 47Years
Date of Commencement of Employment	: 1.2.2009
Age	: 68Years
Last Employment held and Designation	: Himachal Futuristic Communications Ltd. Whole Time Director

*Note: The above remuneration inclusive of perks w.e.f. 1.2.2009 is not paid and accounted as payable during the current year pending approval of the Central Government.



ANNEXURE 3 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, 2010.

CONSERVATION OF ENERGY

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

RESEARCH AND DEVELOPMENT (R&D)

The Company has incurred a sum of Rs.0.04 lacs during the year 2009-10 towards recurring expenditure on R&D. The Company could not spend on R& D due to its severe financial constraints and more over the goods are imported as such in the present scenario in the Telecom Sector.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in '000)
FOB Value of Exports	Nil
CIF Value of Imports	483
Expenditure in Foreign Currency	Nil



Auditors' Report

To the Members of HTL Limited

1. We have audited the attached Balance Sheet of HTL Limited as at March 31, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) *Attention is invited to Note No.C-2 of Schedule 20 in the financial statements. The Company incurred a net loss of Rs.436,368 thousands during the year and has accumulated losses of Rs 4,325,288 thousands as at March 31, 2010, which has resulted in negative net worth of Rs. 4,175,288 thousands. The Company's current liabilities have exceeded its current assets by Rs 1,980,408 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 591,327 thousands and also has overdue loans from Government of India*



amounting to Rs 62,420 thousands together with interest accrued and due thereon of Rs.181,461 thousands. The turnover during the current year is only Rs 146,364 thousands. The Company's plans to raise fund are dependent on resolution of various uncertainties and litigation involving the sale of land as referred to in the above note. These factors along with other matters as set forth in the above note raise substantial doubt that the Company will be able to continue as a going concern. The Company is hopeful of a successful outcome in the litigation. The Company has also received orders for erection of Telecom Towers and is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In view of the management's expectation of the successful outcome of the above proposals, the financials statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- (b) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. R. BATLIBOI & CO.
Firm Registration Number 301003E
Chartered Accountants

per Navin Agarwal
Partner
Membership No. 056102

Place : Chennai
Date : August 27, 2010



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

HTL Limited

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

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.



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

<i>Sl. No.</i>	<i>Name of the statute</i>	<i>Nature of Dues</i>	<i>Amount Rs. In '000s</i>	<i>Due date</i>
1	<i>The Central Sales Tax Act 1956</i>	<i>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.</i>	24,352	<i>Various Dates</i>
2	<i>The Tamil Nadu General Sales Tax Act, 1959</i>	<i>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.</i>	1,817	<i>Various Dates</i>
3	<i>The Central Sales Tax Act 1956</i>	<i>Additional sales tax payable for the year 2001-02.</i>	32,463	<i>Various Dates</i>
4	<i>The Central Sales Tax Act, 1956</i>	<i>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.</i>	146,632	<i>30th May, 2002</i>
5	<i>The Central Sales Tax Act, 1956</i>	<i>Differential sales tax payable for the Year 2000-01 for non-submission of C/D Forms from BSNL/MTNL.</i>	724,481	<i>Various Dates</i>
6	<i>The Central Sales Tax Act, 1956</i>	<i>Sales tax payable for the period from April 2004 to October 2004, August 2005 and interest payable thereon.</i>	139	<i>Various Dates</i>
7	<i>The Central Excise Act, 1944</i>	<i>Excise duty payable on revenues not yet invoiced.</i>	9,454	<i>Various Dates</i>
8	<i>The Central Sales Tax Act, 1956</i>	<i>Sales Tax payable on revenues not yet invoiced.</i>	684	<i>Various Dates</i>
9	<i>The Central Sales Tax Act, 1956</i>	<i>Differential Sales Tax Payable for the year 2004 - 2007</i>	28,243	<i>Various Dates</i>
10	<i>Income Tax Act, 1961</i>	<i>Income Tax payable for the Assessment Year 2000-01 on account of disallowance of provision for doubtful debts & advances</i>	22,272	<i>31st March 2000</i>
11	<i>Employee's Provident Funds & Miscellaneous Provisions Act, 1952</i>	<i>Interest and Damages Payable for PF delays for the financial year 2006 - 2007</i>	2,076	<i>Various Dates</i>



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

SL. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Forum where dispute is pending
1	The Central Sales Tax Act, 1956	Differential sales tax payable for non -submission of C/D Forms from 1993-94 to 1998-99.	49,864	Sales Tax Appellate Tribunal and Madras High Court
2	The Central Sales Tax Act, 1956	Differential sales tax payable on non submission of D Forms from 1995-96 to 1997-98 in respect of spares.	738	Sales Tax Appellate Tribunal
3	The Central Sales Tax Act, 1956	Differential sales tax payable for 1999-00 for non submission of C/D Forms.	22,271	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	Penalty levied on account of delay in payment of excise duty.	1,000	Commissioner of Central Excise (Appeals), Chennai

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year. In the immediately preceding financial year also, the Company had incurred cash loss.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the bank limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs. 591,327 thousands. As at March 31, 2010 interest accrued and due on these loans is Rs. 1,103,228 thousands.*



- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Hence, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not take any fresh term loans during the year.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that as at 31st March, 2010, short term funds to the tune of Rs 415.64 crores (approx.) out of operating working capital and cash credits, have been used to primarily finance the cash losses of the Company.*
- (xviii) According to the information and explanations provided by the management, there are no parties covered under section 301 of the Companies Act, 1956. Hence, clause 4 (xviii) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (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.
Firm Registration Number 301003E
Chartered Accountants

per Navin Agarwal
Partner
Membership No. 056102

Place : Chennai
Date : August 27,2010



HTL LIMITED
Balance sheet as at 31st March 2010

	Sch	As at 31st March 2010 Rs. in 000s		As at 31st March 2009 Rs. in 000s	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	150,000	150,000		
Reserves and Surplus	2	-	150,000	-	150,000
Loan Funds					
Secured Loans	3	1,834,588	1,545,988		
Unsecured Loans		403,920	2,238,508	258,860	1,804,848
TOTAL			2,388,508		1,954,848
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	528,494	528,463		
Less: Depreciation		484,866	478,138		
Net Block			43,628		50,325
Current Assets, Loans and Advances					
Inventories	5	7,939	31,228		
Sundry Debtors	6	786,948	876,550		
Cash & Bank Balances	7	118,208	123,508		
Other Current Assets	8	88,184	115,387		
Loans and Advances	9	82,760	79,354		
		1,084,039	1,226,027		
Less: Current Liabilities and Provisions					
Current Liabilities	10	2,947,570	3,101,616		
Provisions		116,877	108,808		
		3,064,447	3,210,424		
Net Current Assets			(1,980,408)		(1,984,397)
Miscellaneous Expenditure					
(To the extent not written off or adjusted)	11		-		-
Profit and Loss Account			4,325,288		3,888,920
TOTAL			2,388,508		1,954,848
Notes to Account	20				

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

As per our report of even date

For S.R.Batliboi & Co.
Firm Registration Number 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 056102

Place : Chennai
Date : August 27, 2010

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S.NARAYANAN
Secretary

Place : New Delhi
Date : August 27, 2010

**HTL LIMITED****Profit and Loss Account for the year ended 31st March 2010.**

	Sch	For the year ended 31st March 2010 Rs.in 000s	For the year ended 31st March 2009 Rs.in 000s
INCOME			
Turnover (Gross)	12	142,225	382,642
Less: Excise Duty		(34)	(2,518)
Turnover (Net)		142,190	380,124
Other Income	13	168,928	13,809
		311,118	393,933
EXPENDITURE			
Materials & Components Consumed	14	108,681	407,349
Excise Duty		55	519
Personnel Expenses	15	154,432	149,950
Operating and Other Expenses	16	46,833	490,525
Provision for Doubtful Debts and Advances (net)		-	6,837
Provision for Inventory (net)	17	23,799	(50,426)
Decrease in Inventories	18	6,112	47,972
Financial Expenses	19	402,547	369,515
Depreciation		6,728	8,822
Amortisation of Voluntary Retirement Scheme Expenditure		-	4,450
		749,187	1,435,513
Loss for the year before tax before prior period items		(438,069)	(1,041,580)
Prior period expenses/(Income) (Net)		(1,701)	-
Loss for the year before tax		(436,368)	(1,041,580)
Less: Fringe Benefit Tax		-	1,116
Loss After Tax		(436,368)	(1,042,696)
Add: Balance brought forward from Previous Year		(3,888,920)	(2,846,224)
Deficit Carried to the Balance Sheet		(4,325,288)	(3,888,920)
Earning Per Share (Basic & Diluted) (Nominal Value per Share Rs. 100/-)		(290.91)	(695.13)
Notes to Account	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.
Firm Registration Number 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Navin Agrawal
Partner
Membership No. 056102

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S.NARAYANAN
Secretary

Place : Chennai
Date : August 27, 2010

Place : New Delhi
Date : August 27, 2010

**HTL LIMITED****Cash Flow Statement for the year ended March 31, 2010**

	2009-2010 Rs in 000s	2008-2009 Rs in 000s
A. Cash Flows from/(used in) Operating Activities		
Net Loss before Taxation	(436,368)	(1,041,580)
Adjustments for:		
Depreciation	6,728	8,822
Loss/(Profit) on Disposal of Fixed Assets (net)	-	(35)
Unrealised Foreign Exchange Loss/(Gain) (net)	(141,918)	274,714
Interest Income	(8,218)	(12,500)
Interest Expense	400,316	359,249
Provision for Inventory	23,799	(50,426)
Excess Liabilities Written Back	(12,788)	-
Provision for Doubtful Debts and Advances	-	6,837
Miscellaneous Expenditure written off	-	4,449
Operating Loss before Working Capital Changes	(168,449)	(450,470)
Movements in Working Capital :		
(Increase)/ Decrease in Sundry Debtors	89,602	(13,483)
Decrease /(Increase) in Inventories	(511)	91,165
(Increase)/ Decrease in Loans and advances	(1,600)	8,128
(Increase)/ Decrease in Other current assets	24,325	(24,325)
Increase/(Decrease) in Current Liabilities	(72,207)	254,010
Cash Generated from Operations	(128,840)	(134,975)
Direct Taxes Paid (Net of Refunds)	(1,806)	(16,816)
Net Cash from/(used in) Operating Activities	(130,646)	(151,791)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(31)	(5,472)
Proceeds from sale of fixed assets	-	82
Decrease in Term Deposits with Banks, redeemed during the year	15,844	177,578
Interest Received	11,097	12,032
Net Cash from/(used in) Investing Activities	26,910	184,220
C. Cash Flows from Financing Activities		
Repayments of Short - Term Borrowings	-	(45,628)
Proceeds from Short-Term Borrowings	120,247	30,000
Interest Paid	(5,967)	(15,678)
Net Cash from/(used in) Financing Activities	114,280	(31,306)
Net Decrease in Cash and Cash Equivalents (A + B + C)	10,544	1,123
Cash and Cash Equivalents at the Beginning of the Year	7,438	6,315
Cash and Cash Equivalents at the End of the Year	17,982	7,438
Components of Cash and Cash Equivalents as at *		
	March 31, 2010	March 31, 2009
	Rs. In 000s	Rs. In 000s
Cash and Cheques on Hand	342	421
With banks - on Current Account	17,641	7,017
Cash and Cash Equivalents at the End of the Year	17,983	7,438

* 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.
Firm Registration Number 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Navin Agrawal
Partner
Membership No. 056102

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S.NARAYANAN
Secretary

Place : Chennai
Date : August 27, 2010

Place : New Delhi
Date : August 27, 2010

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 1 : Capital		
Authorised Capital		
2,000,000 Equity Shares of Rs.100 each	<u>200,000</u>	<u>200,000</u>
Issued, Subscribed and Paid up capital		
1,500,000 Equity Shares of Rs. 100 each	<u>150,000</u>	<u>150,000</u>
	<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 Communication Limited, the holding Company.

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 2 : Reserves and Surplus		
Capital Reserve: *	<u>-</u>	<u>-</u>

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

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s		As at 31.03.2009 Rs.in 000s	
Schedule 3 : Loan Funds				
Secured : *				
From Banks :				
Working Capital Demand Loans	23,034		23,034	
Cash Credit facilities	708,326		704,579	
Add: Interest accrued and due	<u>1,103,228</u>	<u>1,834,588</u>	<u>818,375</u>	<u>1,545,988</u>
		<u>1,834,588</u>		<u>1,545,988</u>
Unsecured :				
Loan from Govt. of India **	62,420		62,420	
Add: Interest accrued and due	<u>181,461</u>	<u>243,881</u>	<u>166,440</u>	<u>228,860</u>
Loan from Others	146,500			30,000
Add: Interest accrued and due	<u>13,539</u>	<u>160,039</u>		-
		<u>403,920</u>		<u>258,860</u>
		<u>2,238,508</u>		<u>1,804,848</u>

* Refer Note C - 4 a) of Schedule 20

** Refer Note C - 4 b) of Schedule 20



HTL LIMITED
Schedules to the Financial Statements for the year ended March 31, 2010
Schedule 4 : Fixed Assets

Description of Assets	Gross Block			Accumulated Depreciation			Net Block	
	1st April 2009	Addition	31st March 2010	1st April 2009	Charge during the year	Deletion	31st March 2010	31st March 2009
Freehold Land	588	-	588	-	-	-	588	588
Leasehold Land	244	-	244	-	-	-	244	244
Buildings	44,741	-	44,741	32,733	1,225	-	33,958	12,008
Plant & Machinery	430,365	-	430,365	394,432	4,791	-	399,223	35,933
Furniture & Fixtures	15,671	-	15,671	15,430	169	-	15,599	242
Vehicles	1,170	-	1,170	925	47	-	972	245
Airconditioning Plant	7,439	-	7,439	7,271	99	-	7,370	168
Office Equipment	7,621	15	7,635	7,443	99	-	7,542	178
Data Processing Equipment	20,624	16	20,641	19,904	298	-	20,202	720
Total	528,463	31	528,494	478,138	6,728	-	484,866	50,325
Previous Year	521,698	7,687	528,463	470,191	8,822	875	478,138	50,325

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 for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s		As at 31.03.2009 Rs.in 000s	
Schedule 5: Inventories				
Stores and Spare Parts:				
Stores and Spares	5,324		5,324	
Dies, Jigs and Fixtures	-		-	
	<u>5,324</u>		<u>5,324</u>	
Less: Provision for Non Moving	<u>5,324</u>	-	<u>4,973</u>	351
Materials and Components	188,421		181,799	
Less: Provision for Non Moving	<u>180,482</u>	7,939	<u>176,015</u>	5,784
Finished Goods	11,545		14,290	
Less: Provision for Non Moving	<u>11,545</u>	-	<u>11,735</u>	2,555
Work-in-Progress	49,530		52,897	
Less: Provision for Non Moving	<u>49,530</u>	-	<u>30,359</u>	22,538
		<u>7,939</u>		<u>31,228</u>

	As at 31.03.2010 Rs.in 000s		As at 31.03.2009 Rs.in 000s	
Schedule 6: Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	771,527		724,842	
Considered Doubtful	346,001		346,001	
Other Debts				
Considered Good	15,421		151,708	
	<u>1,132,949</u>		<u>1,222,551</u>	
Less: Provision for Doubtful Debts	<u>346,001</u>		<u>346,001</u>	
	<u>786,948</u>		<u>876,550</u>	

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 7: Cash & Bank Balances		
Cash in Hand	342	421
Balances with Scheduled Banks:		
On Current Accounts	17,641	7,017
On Term Deposits	100,225	123,087
	<u>118,208</u>	<u>123,508</u>

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 8: Other Current Assets (Unsecured, Considered Good)		
Claims Receivable*	86,810	86,810
Unbilled Revenue	-	24,325
Interest Accrued on Deposits and Others	-	2,878
Fixed Assets held for Sale	1,374	1,374
	<u>88,184</u>	<u>115,387</u>

* Refer Note 8 of Schedule 20

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 9: Loans and Advances (Unsecured)		
Considered Good		
Loans to Employees	256	360
for value to be received	12,444	11,897
Balances with Customs, Excise etc.	44	999
Advance income tax (Net of provisions)	27,196	25,390
Deposits – others	42,820	40,708
	<u>82,760</u>	<u>79,354</u>
Considered Doubtful		
Advances, Recoverable in cash or in kind or for value to be received	46,223	46,223
Balances with Customs, Excise etc.	339	339
	<u>46,562</u>	<u>46,562</u>
Less : Provision for Doubtful Advances	(46,562)	(46,562)
	<u>82,760</u>	<u>79,354</u>

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 10: Current Liabilities & Provisions		
a. Current Liabilities :		
Sundry Creditors		
Dues to Small Scale Industrial Undertakings	-	-
Due to others	2,677,450	2,832,596
Advance from Customers	20,200	20,200
Interest Accrued but not Due on Loans	-	89
Other Liabilities	249,920	248,731
	<u>2,947,570</u>	<u>3,101,616</u>
b. Provisions:		
Leave Encashment Benefit	30,363	31,169
Gratuity	86,514	77,639
	<u>116,877</u>	<u>108,808</u>
	<u><u>3,064,447</u></u>	<u><u>3,210,424</u></u>

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 11: Miscellaneous Expenditure (to the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenditure		
Opening Balance	-	4,449
Add : Incurred during the year	-	-
Less: Written-off during the year	-	4,449
	<u>-</u>	<u>-</u>

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 12 : Turnover (Gross)		
Sale of Goods	37,846	314,861
Service Charges	107,465	67,781
Impact of price revision on sales of earlier years	(3,086)	
	<u>142,225</u>	<u>382,642</u>

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 13 : Other Income		
Interest Received from		
Banks *	8,210	12,281
Others	8	219
Rent	1,182	1,046
Foreign Exchange Fluctuation (Net)	141,918	-
Profit on Disposal of Fixed Assets (net)	-	35
Excess Provision Written Back	12,788	-
Scrap Sales	26	113
Miscellaneous	4,796	115
	<u>168,928</u>	<u>13,809</u>

* Tax Deducted at source Rs. 7.82 Lacs (previous year Rs. 22.67 lacs)

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 14 : Materials & Components Consumed		
Opening Stock	181,799	224,954
Add: Purchases during the year	<u>49,658</u>	<u>316,104</u>
	231,457	541,058
Less: Closing Stock	<u>188,421</u>	<u>181,799</u>
	43,036	359,259
Outside Labour Charges on Components	<u>65,645</u>	<u>48,090</u>
	<u>108,681</u>	<u>407,349</u>

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 15: Personnel Expenses		
Salaries, Wages and Bonus	104,548	114,820
Contribution to Provident and Other Funds	10,827	11,524
Gratuity Expense	27,826	11,250
Workmen and Staff Welfare expenses	<u>11,231</u>	<u>12,356</u>
	<u>154,432</u>	<u>149,950</u>

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s		As at 31.03.2009 Rs.in 000s	
Schedule 16 : Operating and Other Expenses				
Stores and Spares Consumed		41		1,009
Consumable Tools		-		33
Power and Fuel		2,908		3,685
Repairs and Maintenance:				
Plant and Machinery	2		-	
Buildings	2,155		3,024	
Others	290	2,447	1,645	4,669
Rent		695		1,303
Rates & Taxes		4,951		101,944
Insurance		708		1,163
Royalty and Knowhow Fee		-		-
Freight Outward (Net)		1,435		3,438
Research & Development Expenses		4		21
Professional & Consultancy charges		3,536		3,834
Security charges		2,519		2,976
Telephone charges		965		1,086
Liquidated Damages on Sales		14,288 *		63,748
Payment to Auditors				
As Auditors		896		772
For Tax Audit		110		110
Reimbursement of Expenses		25		88
Donation		-		-
Travelling and Conveyance		6,666		7,779
Directors' Sitting Fees		23		75
Legal expenses		2,383		1,547
General office expenses		439		419
Maintenance of office vehicles		375		538
Foreign Exchange Fluctuation (Net)		-		274,714
Installation & Maintenance		137		12,517
Miscellaneous Expenses		1,282		3,058
		46,833		490,525

*Being Rs. 1.42 crores recovered by a customer by invoking bank guarantee drawn in favour of the customer
(Previous year Rs. 2.60 crores)

	As at 31.03.2010 Rs.in 000s		As at 31.03.2009 Rs.in 000s	
Schedule 17 : Provision for Inventory (net)				
Stores and Spares		351		
Materials and Components		4,467		-
Finished Goods		(190)		-
Work-in-Progress		19,171		(50,426)
		23,799		(50,426)

**HTL LIMITED****Schedules to the Financial Statements for the year ended March 31, 2010**

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 18: Decrease in inventories		
Inventories as at 31.03.2010		
Finished Goods	11,545	14,290
Work-in-Progress	49,530	52,897
	<u>61,075</u>	<u>67,187</u>
Inventories as at 31.03.2009		
Finished Goods	14,290	11,735
Work-in-Progress	52,897	103,424
	<u>67,187</u>	<u>115,159</u>
Excise duty on difference of stocks Finished Goods	-	-
	<u>6,112</u>	<u>47,972</u>

	As at 31.03.2010 Rs.in 000s	As at 31.03.2009 Rs.in 000s
Schedule 19: Financial Expenses		
Interest :		
To Banks		
On Cash Credit and others	290,730	251,848
On Government of India Loan	15,021	14,913
To Others	<u>94,565</u>	<u>92,488</u>
Bank Charges	2,231	10,266
	<u>402,547</u>	<u>369,515</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 (as amended) and other relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Revenue Recognition

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

3. Fixed Assets

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

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



4. Depreciation

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

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

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

5. Inventory Valuation

Inventories are valued as follows:

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

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



6. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

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

7. Retirement and other Employees' Benefits

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

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

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

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

8. Miscellaneous Expenditure

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

9. Income Tax

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



10. Earnings Per Share

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

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

11. Provisions

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

12. Cash and Cash Equivalents

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



C. NOTES ON ACCOUNTS

1. Contingent Liabilities (not provided for):

	Particulars	(Rupees in thousands)	
		2009-10	2008-09
A.	Unredeemed bank guarantees.	88,224	120,165
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.	75,265	68,635
(c)	Income tax demand for penal interest on additional liability for disallowance of provision for inventory	805	805
(d)	Demand for excise duty on estimated additional sales against notional interest on advance received from the customers	-	15,104
(e)	Penalty leviable on account of delay in payment of excise duty.	1,000	1,000

* 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. 436,368 thousands (Previous year Rs.1,042,696 thousands) during the current year and has accumulated losses of Rs. 4,325,288 thousands (Previous year Rs 3,888,920 thousands) as at March 31, 2010, resulting in negative net worth of Rs 4,175,288 thousands (Previous year Rs. 3,737,410 thousands). The Company's current liabilities exceed its current assets by Rs. 1,980,408 thousands as of that date. Further, the Company has overdrawn borrowings from banks by Rs. 591,327 thousands (Previous year Rs.492,613 thousands) and also has overdue loans from Government of India amounting to Rs. 62,420 thousands (Previous year Rs 62,420 thousands) together with interest accrued and due thereon of Rs.181,461 thousands (Previous year: Rs 166,440 thousands). The turnover during the current year is Rs 145,276 thousands (Previous Year: Rs 380,124 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, and has since, been declared as a Sick Industrial Company vide order 261/2003 dated June 16, 2009. During the year, State Bank of India, has, on behalf of the consortium banks, issued a notice to the Company u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 requiring the Company to discharge its full dues within 60 days from the date of the notice i.e. April 18, 2009. The Company is in the process of discussions with the bankers on the matter.



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

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

3. Secured loans from banks and interest accrued and due include Rs. 662,793 thousands on account of dues to IndusInd Bank and Axis Bank as the Banks have assigned the loans to Pegasus Assets Reconstruction Private Limited (an Asset Management Company).
4. a) Working Capital Demand Loans and Cash Credit facilities from Banks shown in Schedule 3 are secured by pari-passu first charge on the inventories, receivables, moveable fixed assets of the Company and equitable mortgage of the Company's immovable properties viz. land measuring 11.021 acres situated at Thiru Vi Ka Industrial Estate, Guindy Chennai and another land measuring 2.56 acres at Lucky Bungalow Premises in Guindy Industrial Estate, Chennai together with buildings and erections thereon.
b) Loan of Rs.62,420 thousands (Previous year Rs.62,420 thousands) together with interest accrued and due thereon of Rs.181,461 thousands (Previous year Rs. 166,440 thousands) is due to Government of India (GOI). As at March 31, 2010, total loan of Rs.62,420 thousands (Previous year Rs 62,420 thousands) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs.34,700 thousands compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan.[Refer Note.8 below].
5. a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 27.30 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Company are in progress. In respect of the balance land of 3.69 acres, the name of the Company has not been entered in the revenue records of Government of Tamil Nadu.



b) The Company has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Company from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under lease cum sale transaction in 1983. The Estate Officer SIPCOT has issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender unused land aggregating to 11.05 acres out of above in the previous year. The Company has filed a writ in the Honourable Madras High Court against this order and has secured an interim stay. The matter is under progress and the said stay has been extended.

6. (a) As at 1.04.2009, aggregate sales amounting to Rs. 1,656,220 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 above, provisional sales of Rs 168,108 thousands was firmed up during the year and the balance are still pending for firm price fixation. The impact of the firm price orders, which can be higher or lower than the provisional price, will be reflected in the books as and when such firm price is fixed by BSNL.

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

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

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

(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. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, since the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.
10. 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.
11. During the previous year with effect from February 1, 2009, Dr. R.M. Kastia has been appointed as a whole time director in the Board Meeting held on March 31, 2009. The remuneration payable to the Whole Time Director was fixed in the Board Meeting held on March 30, 2010. As the Company has no profits to pay remuneration to the Whole Time Director, the appointment and remuneration payable to the Whole Time Director requires the approval of the Central Government as per Section 269 of the Companies Act. Pending approval from the Central Government, the remuneration of Rs.93.26 Lakhs accounted as payable to the Whole Time Director and also, instead of being charged to Profit & Loss Account, treated as deferred and recoverable as the approval of the Central Government is not received.
12. a.) Based on information available with the Company, there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

b.) Sundry Creditors as on March 31, 2010 represents payables for which balances have not been confirmed by the vendors / suppliers and the same is subject to reconciliation. However the management believes that there will not be any material change to the balances as reflected in the books of accounts as on March 31, 2010.



13. Related party disclosures

List of related parties -

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

Holding company	: Himachal Futuristic Communications Limited (HFCL)
Fellow subsidiaries	: HFCL Infotel Limited (HFIL) Moneta Finance Private Limited Infotel Tower Infrastructure (p) Limited
Other companies under common control	: Microwave Communications Limited Exicom Telesystems Limited (ETL) HFCL Satellite Communications Limited Westel Wireless Limited HFCL Kongsung Telecom Limited HFCL Dacom Infocheck Limited Infotel Business Solutions Ltd. Pagepoint Services Private Limited HFCL Bezeq Telecom Limited Investment Trust of India Limited Internet Services Limited Exicom Communications Ltd. WPPL Ltd.
Key management personnel	: Mr. D.P.Gupta, Chief Operating Officer and Manager Dr. R.M.Kastia Whole Time Director [w.e.f. 01/ 02 /2009]



During the year, the Company has entered into transactions with related parties. Those transactions along with related balances at March 31, 2010 and March 31, 2009 are presented in the following table:

(Rs.in thousands)

Particulars	2009-10			2008-09		
	Holding Company	Entities Under Common Control	Key Management personnel	Holding Company	Entities Under Common Control	Key Management personnel
Name of the Party	HFCL	ETL	Chief Operating Officer*	HFCL	ETL	Chief Operating Officer*

a. Transaction during the year

Rent received	442	418		427	241	-
Expenses recovered	282	172		234	124	-
Purchase of goods	1,437			4,327	32,548	-
Sale of services	96,289	-		47,029	-	-

b. Balances

Creditors	115,906	17,989		109,531	41,396	-
Debtors	97,618	-		30,947	-	-
Advances payable	20,200	-		20,200	-	-
Remuneration payable			127	-		223

* Remuneration paid to the Chief Operating Officer is disclosed in Note 17 (f) below.

14. 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)



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

Particulars	Year Ended March 2010	Year Ended March 2009
Obligations at the beginning of the period	78,644	81,218
Current service cost	3,185	3,057
Interest cost	5,523	5,942
Past Services	19,630	-
Actuarial (gain) / losses	(427)	2,331
Benefits paid	(19,199)	(13,904)
Obligations at the end of the period	87,356	78,644
Change in plan assets		
Plan assets at period beginning, at fair value	1,005	880
Expected return on plan assets	70	72
Actuarial gain /(loss)	15	8
Contributions	18,951	13,949
Benefits paid	(19,199)	(13,904)
Plan assets at period end, at fair value	842	1,005
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	842	1,005
Present value of defined benefit obligations at the end of the period	87,356	78,644
Asset/ (Liability) recognised in the balance sheet	86,514	77,639
Gratuity cost for the period		
Current service cost	3,185	3,057
Interest cost	5,523	5,942
Past Services	19,630	-
Expected return on plan assets	(70)	(72)
Actuarial (gain) / losses	(442)	2,323
Net gratuity cost	27,826	11,250
Particulars	Year Ended March 2010	Year Ended March 2009
Defined Benefit Obligation	87,356	78,644
Plan Assets	842	1,005
Surplus / (deficit)	(86,513)	(77,639)
Experience adjustments on plan liabilities	427	2,331
Experience adjustments on plan assets	15	8
Assumptions:		
Interest rate	8%	8%
Estimated return on plan assets	8%	8%
Weighted average increase in compensation	5%	5%
Attrition Rate	1%	1-3%
Retirement expectancy in years	58	58



16. Earnings Per Share:

	March 31, 2010	March 31, 2009
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)	(436,368)	(1,042,696)
Basic and Diluted Earnings Per Share (in Rs.)	(290.91)	(695.13)

17. 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	
			2009-10	2008-09
Switching Products	No. of 'K' Lines	1,500	-	-
Power Plant	Nos.	2,000	-	-
EPBT	Nos.	500,000	-	-
STM- Rail Tel	Systems		-	-
NIB - Broadband	Systems		-	-
Corpect: Infra	No. of Lines	50,000	-	-
Corpect: FRS	No. of Lines	50,000	-	-
Integrated Fixed Wireless Terminal	Nos.	*	-	167,000
STM (ADM's)	Nos.	*	-	960
STM (CPE's)	Nos.	*	-	3,688

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



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

	Class of Goods	Units	Opening Stock (net of provisions)		Sales		Closing Stock (net of provisions)	
			Qty.	Rs. in '000s	Qty.	Rs. in '000s	Qty.	Rs. In '000s
i)	STM (ADM & CPE)	Nos.						
		(Systems)	(-)	(-)	(4,648)	(101,219)	(-)	(-)
ii)	NIB	None	-	-	-	-	-	-
		(Systems)	(-)	(-)	(-)	(9,666)	(-)	(-)
iii)	IFWT	Nos	2,000	2,743	2,000	2,743		
			-	-	(165,000)	(195,624)	(2,000)	(2,743)
iv)	Tower	None	-	-	-	33,172	-	-
			-	-	-	(1,981)	-	-
v)	Railtel	None	-	-	-	-	-	-
			-	-	-	(461)	-	-
vi)	Others**					1,896		
				(-)		(3,392)		(-)
	Total			2,000	2,743	37,811	-	-
				(-)		(312,343)	(2,000)	(2,743)

* Refer Note No. 10

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

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

a). Materials

Class of Material	2009-10			2008-09		
	Qty. M. Tons	(Rs. In thousands)		Qty. M. Tons	(Rs. in thousands)	
		Imported	Indigenous		Imported	Indigenous
a) Steel	4.881	0.00	217	42.335	-	2,077
b) Aluminium	-	-	-	0.022	-	2
Sub - Total (a)			217		-	2,079
		0.00%	100%		0.00%	100%



b). Components*

	Class of Material	2009-10		2008-09	
		(Rs. In thousands)		(Rs. In thousands)	
		Imported	Indigenous	Imported	Indigenous
a)	Steel		27,353	-	41
b)	Plastic / Rubber		3	-	3
c)	Electrical / Cable	72	11,478	55	121
d)	Electronic		2,545	228,294	109,981
e)	Mechanical / Paper		1,368	919	17,766
	Sub -Total (b)	72	42,747	229,268	127,912
		0%	100%	64%	36%
	Total (a + b)	72	42,964	229,268	129,991

* 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	
	2009-10	2008-09	2009-10	2008-09
Indigenous	41	1,009	100%	100%

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

	Particulars	2009-10	2008-09
i)	Materials and Components	483	216,782
ii)	Capital Goods	-	5,854

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

Particulars	(Rs. in thousands)	
	2009-10	2008-09
	-	-

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

	(Rs. in thousands)	
	2009-10	2008-09
Salary and Allowances	2,145	1,744
Contribution to Provident Fund	115	115
Other Benefits	244	244
Total	2,504	2,103

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



18. 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, 2010		March 31, 2009	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	22,426,172	988,479,232	23,023,645	1,181,857,260
	EURO	599,133	36,475,238	599,133	40,842,795
	JPY	510,250	248,709	510,250	268,519

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

In terms of our attached report of even date

For **S.R. Batliboi & Co.**
Firm Registration Number **301003E**
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 056102

Place : Chennai
Date : August 27, 2010

For and on behalf of the Board of Directors

MAHENDRA NAHATA
Chairman

R.M. KASTIA
Director

S.NARAYANAN
Secretary

Place : New Delhi
Date : August 27, 2010



HTL LTD.

STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI OF
THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No. U 93090TN1960PLC004355	State Code	18
Balance Sheet	31.03.2010	

II CAPITAL RAISED DURING THE YEAR (RUPEES)

Public Issue	NIL	Rights Issue	NIL
Bonus Shares	NIL	Private Placement	NIL

**III POSITION OF MOBILISATION AND
DEPLOYMENT OF FUNDS (RUPEES)**

Total Liabilities	2,388,508,411	Total Assets	2,388,508,411
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SOURCES OF FUNDS

Shareholders' Funds	150,000,000	Reserves & Surplus	NIL
Secured Loans	1,834,588,169	Unsecured Loans	403,920,242

APPLICATION OF FUNDS

Net Fixed Assets	43,628,879	Investments	NIL
Accumulated Losses	4,325,287,970	Misc. Expenditure	NIL
Net Current Assets	(-) 1,980,408,438		

IV PERFORMANCE OF THE COMPANY (RUPEES)

Turnover / Total Income	311,118,310	Total Expenditure	747,485,960
Profit/ (Loss) Before Tax	(436,367,650)	Profit/(Loss) After Tax	(-) 436,367,650
Earning Per Share	(-) 290.91	Dividend	NIL

**V GENERIC NAMES OF THREE PRINCIPAL
PRODUCTS / SERVICES OF THE COMPANY**

Item Code No (ITC Code)	85.25	Service Description - Erection of Towers For Wireless Transmission.
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HTL LTD.

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

ATTENDANCE SLIP

I hereby record my presence at the 48th Annual General Meeting held on Wednesday, the 29th September 2010, @ 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 me/us on my/our behalf at the Annual General Meeting of the Company to be
held on at and at any adjournment thereof.

Signed this day of, 2010.

<i>For office use only</i>	
Proxy No. :	
Regd. Folio No. :	
No. of shares :	

Affix one 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.