

HTL LTD.

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 53rd Annual Report and Audited Accounts for the financial year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2013-14 Rs	2012-13 Rs.
Sales, Services and Other Income	100.63	82.21
Add: Profit on sale of Land	272.26	-
Total Income	372.89	82.21
Profit / (loss) Before Depreciation, Finance Charges and Taxation	340.05	58.73
Less: Depreciation	0.25	0.29
Finance Charges	10.86	58.56
Taxation	3.15	0.00
Net Profit / (Loss) for the year	325.79	(0.12)
Add: Loss Brought Forward from Previous Year	(566.44)	(566.32)
Deficit carried to the Balance Sheet	(240.65)	(566.44)

DIVIDEND

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

SIGNIFICANT EVENTS OF THE YEAR

- (1) The State Bank of India (SBI), the leader of the Consortium of Banks, took over the possession of the freehold lands of the Company on 29.6.2009 under SARFAESI for realization of their dues. SBI further attached all receivables of the Company and the operations of the Company is almost came stand still since then. SBI sold one piece of vacant land on 19.6.2013 to M/s. VGN Developers Private Ltd., Chennai for Rs.272.29 crores and appropriated a sum of Rs. 223.02 crores towards the dues of Banks. A deduction of Rs.2.99 Crores was made by M/s VGN towards Tax Deducted at Source as per the provisions of the Income Tax Act. SBI issued a letter dated

23.8.2013 stating that the dues of Banks have been settled by the Company. Consequent upon this settlement of dues, the SARFAESI action initiated on 29.6.2009 was concluded. The SBI released a sum of Rs.20 crores on 25.6.2013 to the Company to meet the immediate commitments viz., workmen dues etc.

- (2) The SIDCO in their NOC dated 18.4.2012 have stated that the Company has to contribute an amount of 10% of surplus out of the sale proceeds of the vacant land after deduction of the liabilities of the Company and further, the Company is liable to pay non-utilisation charges for not utilizing the said land since 1974.

With regard to the non-utilization charges, SIDCO informed vide their letter dated 27.6.2013 that the dues stipulated in the concerned G.O. dated 16.4.2012 are alone payable.

With regard to the contribution of 10% of surplus amount out of the sale proceeds of the said land after deduction of the liabilities of the Company, the Company has furnished its last 3 years' audited annual accounts to SIDCO on 14.3.2013 and further informed on 1.7.2013 that there is no allocable surplus out of the sale proceeds of the said land since the liabilities are in excess. The said facts were placed before the Board of SIDCO and the same was noted & decided to inform this to Government. Accordingly, SIDCO informed the Government.

- (3) The SIDCO issued a letter dated 13.1.2014 to SBI stating that the Government has requested them to clarify from SBI the basis of fixation of reserve price of the land at Rs.250 crores. SIDCO also requested justification for selling the said property at Rs.272 Cr. as the earlier bid by RMZ in 2007 itself was Rs.27.10 Cr. per acre and the guideline value itself is Rs.372 Cr. SBI have sent their reply to SIDCO with all facts clarifying the position.
- (4) The Company followed up SBI for release of residual amount of Rs.37.26 cores. SBI sent a letter vide Ref. No. SAMB/CLO-I/2647 dt. 27.2.2014 to SIDCO stating that (i) the G.O. permitting the NOC has not stipulated any Non-Utilisation Charges; (ii) as per the Audited Balance Sheet as on 31.3.2013, the liabilities of HTL is Rs.616.65 Cr. and hence HTL is not liable to pay any amount as per the terms of relevant G.O. towards the 10% contribution; (iii) this matter has been referred to SIDCO on several occasions since Apr. 2013, but they do not have any confirmation till date; (iv) they do not find any valid reason to with hold the release of the balance of sale proceeds to HTL; and (v) necessary advice with the amount due to the Govt., if any, out of the sale proceeds may be issued at the earliest, in any case within 10 days from the date of this letter. In case they do not hear from SIDCO, it shall be presumed that there are no dues payable and the bank will release the balance sale proceeds to HTL without any further reference. Since there was no reply received from SIDCO within the stipulated time, SBI informed the Company to execute a Letter of Indemnity cum Undertaking in order to release Rs32.26 crores after retaining Rs5 Crores to meet any exigencies. Accordingly the Company executed the same on 24.3.2014 with the approval of the Board of Directors and received the said amount.

- (5) The proceedings of the Company's reference (registered as Case No. 261/2003) before the Board For Industrial and Financial Reconstruction (BIFR) were abated by the Appellate Authority For Industrial & Financial Reconstruction (AAIFR) on 7.10.2010 as the SBI had taken legal action under SARFAESI. Since the action of SBI under SARFAESI is concluded, the Company filed an appeal before the AAIFR (Appeal No.55/14) for lifting the abatement ordered by them. In the said appeal, the AAIFR passed orders on 24.3.2014 that the reference of the Company is stand revived. Hence the Company is a sick industrial company as per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The process of revival of the Company under the guidance of BIFR will be resumed and carried out as per statute.
- (6) The Company filed a writ in the Hon'ble High Court of Madras with a prayer to quash the resumption order of SIPCOT on 11.50 acres out of 15.09 acres in Hosur and also to direct SIPCOT to execute and register a sale deed in favour of the Company for the entire land of 15.09 acres. The Company further prayed for an interim injunction restraining SIPCOT from initiating any coercive or other proceedings of resumption of the said portion of this land pending the disposal of this Writ. The Hon'ble High Court of Madras granted an interim stay and the hearing is in progress.

REVIEW OF OPERATIONS

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

(Rs in Lakhs)

PRODUCTS	2013-14 (Rs.)	2012-13 (Rs.)
Sale of Products	13.65	61.83
Sale of Services	49.01	0.82
TOTAL	62.66	62.65

The Company's performance during the year under review was poor since the Company continued to face severe financial crisis, including the non-availability of working capital from Banks / Financial Institutions and the delay occurred in receipt of residual funds from SBI out of the sale proceeds of the vacant land

CURRENT POSITION AND OUTLOOK

The Company's operations were came to standstill consequent upon the attachment of receivables & action taken by the State Bank of India (SBI) under SARFAESI since June 2009 and the said proceedings under SARFAESI were concluded in August 2013 consequent upon the sale of vacant land by SBI & settlement of all the Banks' dues.

Since the Company's reference before BIFR is revived by the AAIFR on 24.3.2014, the process of revival will have to be carried out under the guidance of BIFR. A revival plan

will have to be submitted by the Company to BIFR for their perusal and orders. The said revival plan will have restructuring of the available man power, identification of new product lines, capital budget, proposed technical collaborations etc. After the approval of BIFR for the said revival plan, the financial arrangements will have to be made including credits from Banks / Financial Institutions in order to meet the requirements of the Company. After this process is carried out, the Company will be in a position to resume its business operations.

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, 2014, 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 Note No. 23 of Notes to 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, 2014 on a going concern basis subject to the position as clarified in Note No. 25 of Notes to the Audited Statement of Accounts.

AUDITORS

M/s.Khandelwal Jain & 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 96 as compared to 131 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, SIPCOT and SIDCO. 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

R.M.KASTIA
WHOLE TIME DIRECTOR

Place : New Delhi
Date : 28th April, 2014

ANNEXURE 1 TO THE DIRECTORS' REPORT

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

(A) OBSERVATIONS IN THE AUDITORS' REPORT

Auditors' Observation:

As mentioned in Note No. 25 and 26 of the financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs.22,500.51 Lakhs (Previous year Rs. 54,951.00 Lakhs) as on balance sheet date. Further, the Company has overdue loans from Government of India amounting to Rs. 624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) and interest accrued and due thereon of Rs. 2415.45 Lakhs (Previous year: Rs 2265.24 Lakhs). The turnover during the period ended 31, March 2014 is Rs. 62.66 Lakhs (Previous Year: Rs. 62.65 Lakhs). These factors, along with other matters as set forth in the said notes, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and is in process of submitting revival scheme. In view of the management's expectation of the successful outcome of above proposals and revival of its business, the financial 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:

Though there is a good potential for Telecom Products & the Company is having necessary expertise, it could not perform well mainly due to its acute financial constraints due to the attachment of receivables of the Company by SBI under SARFAESI since April 2009. Since the proceedings under SARFAESI have been concluded by SBI in August 2013 consequent upon the settlement of dues of all secured creditors, the proceedings of the Company's reference before BIFR are stand revived by AAIFR on 24.3.2014. The Company is confident to resume & carry out the revival process under the guidance of the BIFR in the interest of all its stakeholders. This matter has been explained in detail in Note No.25 in the financial statements. 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 ongoing concern basis.

OBSERVATIONS IN THE ANNEXURE TO AUDITORS' REPORT

1. Auditors' Observation:

Para (ix)(a) : According to the information and explanations given to us and records examined by us , the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund , employees' state insurance , income-tax, sales-tax, excise duty and other material statutory dues, though there have been a slight delay in a few cases.

Reply of the Board:

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

2. Auditors' Observation:

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

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

Reply of the Board:

The dues in respect of the sales tax are only provisions made in the accounts and the same will be remitted after adjustment of downward price revisions at the time of assessments and on receipt of Demand Notices.

Regarding the Professional Tax, the same will be remitted on reconciliation & on revision of the Demand Notice.

4. Auditors' Observations:

Para (x): The Company's accumulated losses are more than its net worth and declared a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA). The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.

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, 2014, short term funds to the tune of Rs2,25,01 lakhs working capital loans and net current liabilities, 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.1,24,52,452 /-
Qualification & Experience	: Post Graduate & Doctorate in Chemistry. Fellow Member of British Institute of Management (London) 50 years
Date of Commencement of Employment	: 1.2.2009
Age	: 71 Years
Last Employment held & Designation	: Himachal Futuristic Communications Ltd. Whole Time Director

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, 2014.

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 not incurred any sum during the year 2013-14 towards recurring expenditure on R&D.

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	NIL
Expenditure in Foreign Currency	NIL

INDEPENDENT AUDITOR'S REPORT

**To the Members,
HTL Limited**

1. Report on the Financial Statements

We have audited the accompanying financial statements of **HTL Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Basis of Qualified Opinion

As mentioned in Note No. 25 and 26 of the financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs.22,500.51 Lakhs (Previous year Rs. 54,951.00 Lakhs) as on balance sheet date. Further, the Company has overdue loans from Government of India amounting to Rs. 624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) and interest accrued and due thereon of Rs. 2415.45 Lakhs (Previous year: Rs 2265.24 Lakhs). The turnover during the period ended 31, March 2014 is Rs. 62.66 Lakhs (Previous Year: Rs. 62.65 Lakhs). These factors, along with other matters as set forth in the said notes, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and is in process of submitting revival scheme. In view of the management's expectation of the successful outcome of above proposals and revival of its business, the financial 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.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the matter described in the Basis of Qualified Opinion paragraph the effect of which is unascertainable* and read together with the other notes, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- B. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

(Manish Singhal)
Partner
Membership No : 502570

Place: New Delhi
Date: 28th April, 2014

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 5A of the Auditors' Report of even date to the Members of **HTL Limited** on the accounts for the period ended 31st March, 2014;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

(c) During the period, the Company has not disposed off any substantial part of the fixed assets.
- II. (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.

(b) In our opinion, and according to the information and explanations given to us, 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. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Order are not applicable.

(e) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (f) and (g) of the said Order is applicable.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. During the course of our audit no major weaknesses has been noticed in the internal controls 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. (a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 and accordingly the clause (b) is not applicable.
- VI. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- VII. The Company has formal internal audit system commensurate with its size and nature of business.
- VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- IX. (a) According to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, sales-tax, excise duty and other material statutory dues, though there have been a slight delay in a few cases.

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

SL. No.	Name of the Statute	Nature of Dues	Amounts	
			In Rs./lakhs	Due Date
1	The Central Sales Tax Act 1956	Differential sales tax payable for 2002-03 for non-submission of 'C' Form including interest	1612.11	Various Dates
2	The Central Sales Tax Act 1956	Differential sales tax on price revision for the years 2004-05 to 2008-09.	141.65	Various Dates
3	Professional Tax	Professional Tax	1.31	Various Dates

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

- X. The Company's accumulated losses are more than its net worth and declared a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA). The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.

- XI. According to the information and explanations given to us and records examined by us, during the year the Company has repaid all its overdue loans out of the sale proceeds of its land under the SARFAESI Act. Accordingly, as at the Balance Sheet date the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders.
- 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. Based on our examinations of the records and information and explanations given to us during the period no term loan with repayment period beyond 36 months has been obtained.
- 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, 2014, short term funds to the tune of Rs 2,25,01 lakhs comprising of working capital loans and net current liabilities, have been used to primarily finance the 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. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

(Manish Singhal)
Partner
Membership No 502570

Place: New Delhi
Date: 28th April, 2014

HTL LIMITED
BALANCE SHEET AS AT 31st March, 2014

In Rs./Lakhs

Particulars	Note No.	Figures as at 31 st March, 2014	Figures as at 31 st March, 2013
I EQUITY AND LIABILITY			
(1) Shareholders Funds			
(a) Share Capital	1	1,500.00	1,500.00
(b) Reserve & Surplus	2	(24,064.63)	(56,643.46)
(2) Non- Current Liabilities			
(a) Long Term Borrowings	3	5.07	6.84
(b) Long Term Provision	4	360.79	514.83
(3) Current Liabilities			
(a) Short Term Borrowings	5	3,000.00	8,451.87
(b) Trade Payables	6	12,674.36	14,482.91
(c) Other Current Liabilities	7	14,420.08	40,746.77
(d) Short Term Provision	8	413.87	181.30
		8,309.54	9,241.06
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	301.74	329.22
(2) Current Assets			
(a) Inventories	10	6.51	6.66
(b) Trade Receivables	11	3,746.00	6,880.04
(c) Cash & Cash Equivalents	12	2,923.95	1,046.35
(d) Short-term Loans & Advances	13	970.60	618.05
(e) Other Current Assets	14	360.74	360.74
		8,309.54	9,241.06
See other accompanying notes to the financial statements			

As per our report of even date attached

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

For and on behalf of the Board of Directors

MANISH SINGHAL
Partner
M.No. 502570

R.M.KASTIA
Whole Time Director

M.P.SHUKLA
Director

Place : New Delhi
Dated : 28th April, 2014

S.NARAYANAN
Company Secretary

HTL LIMITED			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 st March, 2014			
In Rs./Lakhs.			
Particulars	Note No	Figures for the year ended 31 st March, 2014	Figures for the year ended 31 st March, 2013
I Revenue From Operation	15	69.23	79.25
Less: Excise Duty		(6.57)	(16.60)
		62.66	62.65
II Other income	16	10,000.54	8,158.65
III Total Revenue		10,063.20	8,221.30
IV EXPENDITURE			
Cost of Material Consumed	17	43.51	169.35
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	18	-	-
Employee Benefits Expenses	19	1,023.77	1,214.29
Finance Cost	20	1,086.17	5,856.23
Depreciation and Amortization Expenses	9	24.59	29.40
Other Expenses	21	2,217.53	963.90
Total Expenses		4,395.57	8,233.17
V Profit before Exceptional Items, Extraordinary Items and Tax (III- IV)		5,667.63	(11.87)
VI Exceptional Items - expenses/(income)	27	(27,226.20)	-
VII Profit before Extraordinary Items and Tax (V-VI)		32,893.83	(11.87)
VIII Extraordinary Items		-	-
IX Profit before Tax (VI-VIII)		32,893.83	(11.87)
X Less: Tax Expense:			
Current Tax		315.00	-
Deffered Tax		-	-
XI Profit / (Loss) for the year (V - VI)		32,578.83	(11.87)
XII Earning per share (Face value of Rs.100/- each)			
Basic (Rs.)		2,171.92	(0.79)
Diluted (Rs.)		2,171.92	(0.79)
As per our report of even date attached			
For KHANDELWAL JAIN & CO. Chartered Accountants Firm Regn No. 105049W		For and on behalf of the Board of Directors	
MANISH SINGHAL Partner M.No. 502570	R.M.KASTIA Whole Time Director	M.P.SHUKLA Director	
Place : New Delhi Dated : 28th April, 2014	S.NARAYANAN Company Secretary		

HTL LIMITED
Cash Flow Statement for the year ended March 31, 2014

Particulars	2013-2014 Rs./Lakhs	2012-2013 Rs./Lakhs
A. Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	32,893.83	(11.87)
Adjustments for:		
Depreciation	24.59	29.40
Unrealised Foreign Exchange Loss/(Gain) (net)	886.27	709.74
Interest Income	(321.47)	(94.39)
Interest Expense	1,085.13	5,789.87
Sale of Land	(27,226.20)	-
Provisions Written Back	-	-
Excess Liabilities Written Back	(9,470.21)	(8,053.39)
Operating Loss before Working Capital Changes	(2,128.06)	(1,630.64)
Adjusted for:		
Inventories	0.15	70.93
Trade & Other Receivables	3,127.14	(2.44)
Trade & Other Payables	(2,117.60)	(1,900.68)
Cash Generated from Operations	(1,118.37)	(3,462.83)
Direct Taxes Paid (Net of Refunds)	(345.65)	146.14
Net Cash from/(used in) Operating Activities	(1,464.02)	(3,316.69)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(14.48)
Sale of Fixed Assets (Net of Advance)	24,509.09	0.03
Advance against sale of Land	-	2,720.00
Decrease/(Increase) in Term Deposits with Banks	(1,289.50)	111.93
Interest Received	321.47	94.39
Net Cash from/(used in) Investing Activities	23,541.06	2,911.87
C. Cash Flows from Financing Activities		
Proceeds from Long-Term Borrowings	-	8.41
Repayments of Long-Term Borrowings	(1.57)	-
Repayments of Short - Term Borrowings	(5,451.87)	(2,797.74)
Proceeds from Short-Term Borrowings	-	3,600.00
Interest Paid	(16,035.50)	(314.38)
Net Cash from/(used in) Financing Activities	(21,488.94)	496.29
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	588.10	91.47
Cash and Cash Equivalents at the Beginning of the Year	169.75	78.28
Cash and Cash Equivalents at the End of the Year	757.85	169.75

Notes :-

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

	March 31 2014 (Rs. /Lakhs)	March 31 2013 (Rs. /Lakhs)
Cash and Cheques on Hand	1.83	2.43
With banks - on Current Account	756.02	167.32
Cash and Cash Equivalents at the End of the Year	757.85	169.75

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

As per our report of even date

For and on behalf of the Board of Directors

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

MANISH SINGHAL
Partner
M.No. 502570

R.M.KASTIA
Whole Time Director

M.P.SHUKLA
Director

Place : New Delhi
Date : 28th April, 2014

S.NARAYANAN
Company Secretary

NOTES FORMING PART OF THE ACCOUNTS

"1" -SHARE CAPITAL	Figures as at 31st March, 2014	Figures as at 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
AUTHORISED 2,000,000 (Previous year-2,000,000 of Rs.100/- each) Equity	2,000.00	2,000.00
ISSUED,SUBSCRIBED & PAID UP 1,500,000 (Previous year-1,500,000 of Rs.100/- each) Equity	1,500.00	1,500.00
TOTAL	1,500.00	1,500.00

Of the above:

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

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

iii) Shareholders holding more than 5 percent shares

Name of Shareholder	31st March, 2014		31st March, 2013	
	%	No.of	%	No.of
Himachal Futuristic Communications Ltd.	74.00		74.00	
Govt. of India represented by President of India	25.99		25.99	

iv) The reconciliation of the number of shares outstanding as at 31st March, 2013 is set out below:

Particulars	Number of Shares 31st March, 2014	Number of Shares 31st March, 2013
Number of shares at the beginning	1,500,000.00	1,500,000.00
Add: Shares issued during the year	-	-
Number of shares at the end	1,500,000.00	1,500,000.00

NOTES FORMING PART OF THE ACCOUNTS

"2" -RESERVES & SURPLUS	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Capital Reserve:		
Opening balance	-	-
Add: Addition During the year	-	-
Less:Utilised during the year	-	-
Closing Balance	-	-
Profit & Loss Account:		
Opening Balance	(56,643.46)	(56,631.59)
Add: Net Profit / (Net Loss) for the current year	32,578.83	(11.87)
	(24,064.63)	(56,643.46)
Less:Transfer to General Reserve	-	-
Closing Balance	(24,064.63)	(56,643.46)
TOTAL	(24,064.63)	(56,643.46)

Of the above:

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

"3" - LONG TERM BORROWING	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Secured		
Vehicle Loan from Bank	5.07	6.84
TOTAL	5.07	6.84

Note: Vehicle Loans of Rs. 683,646 (Previous Year Rs. 841,041) are secured by way of hypothecation of the respective vehicles. This Loan is repayable in equated monthly instalments and shall be repaid as :

	Rs.
Financial year 2014-15	177,359.00
Financial year 2015-16	199,846.00
Financial year 2016-17	225,199.00
Financial year 2017-18	81,242.00

NOTES FORMING PART OF THE ACCOUNTS

"4" - LONG TERM PROVISION	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Provision for Gratuity	254.59	400.90
Provision for Leave Encashment	106.20	113.93
TOTAL	360.79	514.83

"5" - SHORT TERM BORROWINGS	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Secured		
Working Capital Demand Loans	-	230.34
Cash Credit Facilities	-	3,376.53
Unsecured		
Loans From Other Parties	3,000.00	4,845.00
TOTAL	3,000.00	8,451.87

5.1 Working Capital Demand Loans and Cash Credit facilities from Banks Rs. Nil (Previous year Rs. 3606.87 lakhs) as shown above are secured by pari-passu, first charge on inventories, receivables, movable fixed assets of the Company and equitable mortgage of the Company's immovable properties viz. land measuring 11.02 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.

"6" - TRADE PAYABLE	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Others	12,674.36	14,482.91
TOTAL	12,674.36	14,482.91

* Includes payable to Holding Company Rs. 917.95 lakhs (Previous year Rs. 919.96 lakhs)

NOTES FORMING PART OF THE ACCOUNTS

"7" - OTHER CURRENT LIABILITIES	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Current maturities for Long term loans from Govt. of India (GOI)	624.20	624.20
from HDFC Bank (Vehicle Loan)	1.77	1.57
Interest accrued and due on GOI and Bank Borrowing	2,415.45	27,109.99
Interest accrued and due on other Borrowing	687.50	19.54
Advance from Customers	6,257.00	5,747.00
Advance against sale of Land	-	2,720.00
Earnest Money Deposit	20.04	20.04
Statutory Dues Payable	1,845.13	1,771.20
Other Liabilities	2,568.99	2,733.23
TOTAL	14,420.08	40,746.77

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

Loan from Govt. of India

Period of Default	Amounts	
	Principal	Interest
More than 5 years	624.20	1,368.14
More than 3 to 5 years	-	446.47
More than 1 to 3 years	-	450.63
June 13	-	37.55
Sep '13	-	37.55
Dec '13	-	37.55
Mar '14	-	37.56
Total	624.20	2,415.45

7.2 Advance from Customers includes Rs. 62,57 lakhs (Previous year Rs. 57,47 lakhs)
from Holding Co.

"8" - SHORT TERM PROVISION	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Provision for Gratuity	42.56	78.43
Provision for Leave Encashment	56.31	102.87
Provision for Income Tax	315.00	-
TOTAL	413.87	181.30

"9" - FIXED ASSETS

Sr.No.	Description	Gross Block				Depreciation				Net Block	
		Figures as at 31 st March, 2013 Rs. In Lakhs	Addition Rs. In Lakhs	Deduction Rs. In Lakhs	Figures as at 31 st March, 2014 Rs. In Lakhs	Upto 31 st March, 2013 Rs. In Lakhs	For the Period Rs. In Lakhs	Deduction Rs. In Lakhs	Upto 31 st March, 2014 Rs. In Lakhs	Figures as at 31 st March, 2014 Rs. In Lakhs	Figures as at 31 st March, 2013 Rs. In Lakhs
1A	Land - Freehold #	5.88		2.89	2.99	-	-	-	-	2.99	5.88
1B	Land - Leasehold	2.44	-	-	2.44	-	-	-	-	2.44	2.44
2	Building	447.41	-		447.41	374.25	8.83	-	383.08	64.33	73.16
3	Plant & Machinery	4,303.76	-	-	4,303.76	4,068.75	12.78	-	4,081.53	222.23	235.01
4	Airconditioning Plant	74.39	-	-	74.39	74.34	0.05	-	74.39	-	0.05
5	Furniture & Fixtures	156.72	-	-	156.72	156.70	0.02	-	156.72	-	0.02
6	Office Equipments	76.40	-	-	76.40	76.28	0.02	-	76.30	0.10	0.12
7	Data Processing Equipment	206.23	-	-	206.23	205.97	0.15	-	206.12	0.11	0.26
	Vehicles	26.14	-	-	26.14	13.86	2.74	-	16.60	9.54	12.28
	TOTAL	5,299.37	-	2.89	5,296.48	4,970.15	24.59	-	4,994.74	301.74	329.22
	Previous Year	5,285.41	14.48	0.51	5,299.38	4,941.23	29.40	0.48	4,971.15	329.22	

1A : Freehold Land of 2.56 + 11.021 acres.

1B : Leasehold land of Hosur 15.09 acres.

2 : Buildings includes value for Hosur Building also.

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

The 11.021 Acre land sold to VGN.

NOTES FORMING PART OF THE ACCOUNTS

"10" -INVENTORY	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Stores & Spares	-	53.24
Less : Provision for Non Moving	-	53.24
	-	-
Materials & Components	6.51	1,713.22
Less : Provision for Non Moving	-	1,706.56
	6.51	6.66
Finished Goods	-	115.45
Less : Provision for Non Moving	-	115.45
	-	-
Work in Progress	-	495.30
Less : Provision for Non Moving	-	495.30
	-	-
TOTAL	6.51	6.66

"11" -TRADE RECEIVABLES	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Unsecured, considered good (Debts outstanding For a period Exceeding six month)		
Considered good	3,746.00	6,880.04
Considered Doubtful	-	3,460.01
	3,746.00	10,340.05
Less: Provision for Doubtful Debts	-	3,460.01
	3,746.00	6,880.04
Others	-	-
TOTAL	3,746.00	6,880.04

"12" -CASH & CASH EQUIVALENTS	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Balance with Scheduled Banks in Current Accounts	756.02	167.32
Fixed Deposit Accounts		
Bank Deposit with more than 12 months maturity		
Others *	2,166.10	876.60
Cash on Hand	1.83	2.43
TOTAL	2,923.95	1,046.35

* Balances with banks to the extent held as margin money is of Rs. 743.36 Lakhs (Previous Year Rs. 876.60 lakhs)

NOTES FORMING PART OF THE ACCOUNTS

"13" - SHORT TERM LOANS AND ADVANCES	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Unsecured, considered good		
Loans to Employees	0.09	0.28
Other Loans and Advances		
Advances Recoverable in cash or in kind	57.65	51.78
Balance with Customs, Excise etc.	0.17	0.17
Advance income tax	490.73	145.08
Deposits - Others	421.96	420.74
	970.60	618.05
Unsecured, considered doubtful		
Loans to Employees	-	-
Other Loans and Advances		
Advances Recoverable in cash or in kind	-	375.67
Balance with Customs, Excise etc.	-	89.96
	-	465.63
Less: Provision for Doubtful advance	-	465.63
	-	-
TOTAL	970.60	618.05

"14" - OTHER CURRENT ASSETS	Figures as at 31st March, 2014 Rs. In Lakhs	Figures as at 31st March, 2013 Rs. In Lakhs
Claims Receivable	347.00	442.47
Less: Provision for claims - Siemens	-	95.47
	347.00	347.00
Fixed Asset held for sale	13.74	13.74
TOTAL	360.74	360.74

NOTES FORMING PART OF THE ACCOUNTS

"15" -REVENUE FROM OPERATIONS	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Sales of Product	20.22	78.43
Sales of Services	49.01	0.82
Less: Excise Duty	(6.57)	(16.60)
TOTAL	62.66	62.65

"16" -OTHER INCOME	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Interest Income Gross	321.47	94.39
Rent	8.66	10.32
Services	200.00	
Waiver of Interest by Banks	9,076.21	8,053.39
Inventory Excess Provision written back	43.22	
Expenses Excess Provision written back	28.70	
Waiver by Creditors	322.08	
Scrap sales	-	0.44
Miscellaneous	0.20	0.11
TOTAL	10,000.54	8,158.65

"17" -COST OF GOODS CONSUMED	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Opening Balance	1,713.22	1,882.41
Add : Purchases during the year	0.14	0.16
Less: Written Off	1,663.34	
Less: Closing Stock	6.51	1,713.22
TOTAL	43.51	169.35

NOTES FORMING PART OF THE ACCOUNTS

"18" -CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Closing Stock:		
Finished Goods	-	115.45
Work in Progress	-	495.30
	-	610.75
Less:Excise Duty on (Increase)/ Decrease of Finished Stock	-	-
	-	610.75
Less: Opening Stock		
Finished Goods	115.45	115.45
Work in Progress	495.30	495.30
	610.75	610.75
Less: Written Off	610.75	-
CHANGE IN STOCK	-	-

"19" -EMPLOYEE BENEFIT EXPENSES	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Salaries and Wages	754.78	858.50
Contribution to Provident & Other Funds	76.42	86.39
Gratuity Expenses	53.54	97.55
Leave Encashment	51.29	61.42
Welfare expenses	87.74	110.43
TOTAL	1,023.77	1,214.29

"20" -FINANCE COST	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Interest Expenses		
To Banks	11.45	5,395.10
On Statutory Dues	179.47	214.13
On GOI Loans	150.21	150.21
To Others	744.00	30.43
Other Borrowing Cost (Bank Charges, Lease Charges)	1.04	66.36
TOTAL	1,086.17	5,856.23

NOTES FORMING PART OF THE ACCOUNTS

"21" OTHER EXPENSES	Figures for the year ended 31st March, 2014	Figures for the year ended 31st March, 2013
	Rs. In Lakhs	Rs. In Lakhs
Consumption of Stores & Spares and other direct cost		
Consumable Stores	0.51	0.23
Outside Labour Charges on Component	0.01	0.25
Foreign Exchange Fluctuation (Net)	886.27	709.74
Payment to the Auditors:		
As Audit Fee	8.99	8.96
As Tax Audit	1.12	1.10
For Other Services	-	0.56
Reimbursement of Expenses	1.43	0.27
Rent	2.22	7.50
Freight & Transportation Expenses	-	0.37
Power & Fuel	32.52	36.28
Insurance Expenses	9.14	8.03
Rates & Taxes	375.67	20.17
Repairs & Maintenance		
Building	30.83	28.67
Machinery	-	-
Others	2.92	8.04
Travelling & Conveyance Expenses	26.31	22.10
Directors Sitting Fees	0.60	0.36
Leasing Charges	6.70	6.70
Telephone Expense	4.61	4.85
Liquidated Damages on Sales	301.30	-
Loans and Advances /Others Written -Off	561.10	-
Less: Adjustment of Provison for Loans and Advances /Others	(561.10)	-
Debtors Write-Off	3,786.74	-
Less: Adjustment of opening Provison for Doubtful Debts	(3,460.01)	-
Inventory Write-Off	2,327.33	-
Less: Adjustment of opening Provision for Non Moving	(2,327.33)	-
Office Exp.	5.28	4.21
Vehicles- Running & Maintenance(CAR)	6.17	2.57
Security Charges	38.87	30.83
Legal & Professional Expenses	144.88	43.41
Prior Period Expenses	-	12.76
Miscellaneous Expenses	4.45	5.94
TOTAL	2,217.53	963.90

22. 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.

23. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. 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.

b. Revenue Recognition

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

c. Fixed Assets

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

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

d. 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.

e. Inventory Valuation

Inventories are valued as follows:

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

f. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

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

g. Retirement and other Employees' Benefits

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

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

(iv) Actuarial gains/losses are immediately taken to the Statement Profit & Loss and are not deferred.

h. Miscellaneous Expenditure

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

i. 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.

j. 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.

k. 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.

l. Cash and Cash Equivalents

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

24. Contingent Liabilities (not provided for):

S. NO	PARTICULARS	(Rupees in Lakhs)	
		31, Mar 2014	31, Mar 2013
A.	Unredeemed bank guarantees.	61.00	242.98
B.	Claims against HTL not acknowledged as Debts	-	4.12

25. The Company has accumulated losses of Rs. 24,064.63 Lakhs (Previous year Rs. 56,643.46 Lakhs) as at March 31, 2014, resulting in negative net worth of Rs. 22,564.63 Lakhs (Previous year Rs. 55,143.46 Lakhs). The Company's current liabilities exceed its current assets by Rs.22,500.51 Lakhs (Previous year Rs. 54,951.00 Lakhs) as of that date. Further, the Company has overdue loans from Government of India amounting to Rs. 624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) together with interest accrued and due thereon of Rs. 2415.45 Lakhs (Previous year: Rs 2265.24 Lakhs). The turnover during the period ended 31, March 2014 is Rs. 62.66 Lakhs (Previous Year: Rs. 62.65 Lakhs). Due to lack of working capital required, 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 dated June 08, 2009 in case reference no. 261/2003. Subsequently, State Bank of India, on behalf of the consortium banks, issued a notice to the Company u/s 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) requiring the Company to discharge its full dues and attached the freehold surplus land mortgaged to the extent of 11.02 acres and 2.56 acres. During the year, SBI has sold 11.02 acres land under SARFAESI Act at Rs. 27228.89 lakhs in June 2013. The Proceeds have been apportioned among the Consortium of Banks and Pegasus Assets Reconstruction Private Limited on account of dues to IndusInd Bank and Axis Bank as the Banks have assigned the loans to Pegasus and the SBI has withdrawn the action under SARFAESI Act with effect from 22.06.2013.

After the withdrawal of SARFAESI Action by SBI, the reference of the Company under BIFR has been restored vide AAIFR order dated 24.03.2014. The Company is in the process of submitting the revival scheme to BIFR.

The Company's ability to continue as a going concern in spite of the present accumulated losses is dependent upon infusion of funds for its operations. The Company is expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In view of above, the financial statements have been prepared on a going concern basis.

26. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA) due to erosion of its net worth accordingly the Company was declared a Sick Industrial Company by BIFR on June 08, 2009 under section 17(1) of SICA.
27. Profit on sale of land amounting to Rs. 27,226.20 lakhs (Previous year Rs. Nil) has been accounted for under the head Exceptional Items.
28. Loan of Rs. 624.20 Lakhs (Previous year Rs.624.20 Lakhs) together with interest accrued and due thereon of Rs. 2415.45 Lakhs (Previous year Rs. 2265.24 Lakhs) is due to Government of India (GOI). As at March 31, 2014, total loan of Rs. 624.20 Lakhs (Previous year Rs 624.20 Lakhs) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs. 347.00 Lakhs compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan. [Refer Note.30 below].

29. 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 agreement in 1983. The Estate Officer, SIPCOT issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender the unused portion of land measuring 11.50 acres out of the said land on 13.01.2010. The Company has filed a writ petition before the Hon'ble High Court of Madras against this order and obtained an interim stay on 22.2.2010 and the Court has passed final orders on 16.11.2010 while disposing of the writ filed by the Company with a direction to both the petitioner (HTL) and the respondents (CMD & Project Officer, SIPCOT) to go before the Dispute Resolution Committee for resolving the dispute. The Court also made it clear that the status quo as on date shall be maintained till then. It is open to the petitioner (HTL) to work out their remedy, depending upon the outcome of the proceedings of the Disputes Resolution Committee.

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

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

30. Trade receivables include Rs.1568.13 Lakhs. This represents Differential Sales Tax over and above 4% in respect of orders received from DoT but supplied to BSNL (DTS of DoT was converted into BSNL with effect from 01.10.2000) for the period from 01/10/2000 to 31/03/2001 due to non-submission of C/D Forms. The Company's corresponding tax liability in this regard has been settled by the Company under Samadhan Scheme, namely, Tamil Nadu Sales Tax (Settlement of Arrears) Act 29/2011 by payment of Rs.1572.37 Lakhs and then the Company has approached BSNL for reimbursement through respective circle offices to whom supplies were made as per the Circular dated 02/04/2002 read with Letter dated 23/01/2014. One circle has paid Rs.4.24 Lakhs as reimbursement during this year. The balance amount of Rs. 1568.13 Lakhs is yet to be received. The non-reimbursable portion has been written off.

31. Claims receivable includes Rs. 347.00 Lakhs receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for preclosure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government of India Loan. In reply, the Company requested DoT vide letter no. 43.12 ETP dated 08.12.2003 to adjust the compensation amount of Rs. 347.00 Lakhs against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of Rs.347.00 Lakhs compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. [Refer Note 27 above].
32. 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.
33. 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.
34. Balances of some of the Trade receivable, Trade payables, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. However the management believes that there will not be any material change to the balances as reflected in the books of accounts as on March 31, 2014.

35. Related Party Disclosures

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

a) Name of Related Parties and its relationship:

Name	Relationship
Himachal Futuristic Communications Limited (HFCL)	Holding Company
Moneta Finance Private Limited	Fellow Subsidiary
Draganwave HFCL India P.Ltd.	Associate Company of Holding Company
Polyxel Securities Systems P.Ltd	Associate Company of Holding Company
Exicom Telesystems Limited (ETL)	Associate Company of Holding Company
Dr. R.M.Kastia, Whole Time Director	Key Managerial Persons (KMPs)
Mr. D.P.Gupta, Chief Operating Officer and Manager	Key Managerial Persons (KMPs)

b) Transactions/outstanding balances with Related Parties

(Rs. In Lakhs)

Particulars	2013-14		2012-13	
	Holding Company	Entities Under Common Control	Holding Company	Entities Under Common Control
Name of the Party	HFCL	ETL	HFCL	ETL
Rent received	4.73	1.97	5.62	1.97
Expenses recovered	0.61	0.20	6.21	0.38
Purchase of goods				
Sale of services				
Advance Received/ Transfer	510.00		2080.00	-
Closing Balance as at March 31, 2013				
Trade Payable	917.95	(5.46)	919.96	(3.29)
Advances Payable*	6257.00		5,747.00	-
Receivables	7.02	-	3.68	-

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

36. Segmental Reporting

a) Primary Segment Information (by Business Segments)

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

b) Secondary Segment Reporting (by Geographical Segments)

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

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

(Rs. In Lakhs)

Particulars	Year Ended March 2014		Year Ended March 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the beginning of the period	487.59	216.80	611.61	252.89
Current service cost	11.44	6.88	14.42	7.78
Interest cost	29.58	13.12	43.03	17.56
Past Services	-	-	-	-
Actuarial (gain) / losses	15.20	31.29	41.03	36.09
Benefits paid	(235.71)	(105.58)	(222.50)	(97.52)
Obligations at the end of the period	308.10	162.51	487.59	216.80
Change in plan assets				
Plan assets at period beginning, at fair value	8.27		7.33	-
Expected return on plan assets	0.70		0.62	-
Actuarial gain /(loss)	0.95		(0.59)	-
Contributions	1.03	105.58	0.91	97.52
Benefits paid	-	(105.58)	-	(97.52)
Plan assets at period end, at fair value	10.95	-	8.27	-
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	(10.95)	-	(8.27)	-
Present value of defined benefit obligations at the end of the period	308.11	162.51	487.60	216.80
Asset/ (Liability) recognised in the balance sheet	(297.15)	(162.51)	(479.33)	(216.80)
Gratuity cost for the period				
Current service cost	11.44	6.88	14.42	7.78
Interest cost	29.58	13.12	43.03	17.56
Past Services	-	-	-	-
Expected return on plan assets	(0.70)	-	(0.62)	-
Actuarial (gain) / losses	14.26	31.29	41.62	36.09
Net gratuity cost	54.57	51.29	98.45	61.43

Particulars	Year Ended March 2014		Year Ended March 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	308.10	(162.51)	487.60	216.80
Plan Assets	10.95	-	827	-
Surplus / (deficit)	(297.15)	(162.51)	(479.33)	(216.80)
Experience adjustments on plan liabilities (Loss) / Gain	15.20	31.29	41.03	36.09
Experience adjustments on plan assets – Gain / (Loss)	0.95	-	0.59	-
Assumptions:				
Interest rate	8.8%	8.8%	8.6%	8.6%
Estimated return on plan assets	8.0%	-	8.0%	-
Weighted average increase in compensation	5%	5%	5%	5%
Attrition Rate	1%	1%	1%	1%
Retirement expectancy in years	58	58	58	58

38. Earnings Per Share:

Particulars	March 31, 2014	March 31, 2013
Number of Equity Shares outstanding at the end of the year of Rs. 100 each fully paid up	1,500,000	1,500,000
Profit / (Loss) for the year (Rs. In Lakhs)	32,593.83	(11.85)
Basic and Diluted Earnings Per Share (in Rs.)	2172.92	(0.79)

39. Value of imports on CIF basis

Particulars	(Rs. in Lakhs)	
	2013-14	2012-13
Materials and Components	-	-
Capital Goods	-	-

40. Expenditure in foreign currency (on payment basis)

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Purchase of Material	-	8.95

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

Particulars	2013-14		2012-13	
	%Age	Value	%Age	Value
Imported	99	43.25	42	98.26
Indigenous	1	0.26	58	71.09
Total	100	43.51	100	169.35

42. Earning in Foreign Currency (On Cash Basis)

Earnings	2013-14	2012-13
	-	-

43. Remuneration paid to Whole Time Director:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Salary and Allowances	115.22	119.65
Contribution to Provident Fund	7.53	7.97
Other Benefits	1.78	2.11
Total	124.53	129.73

The Govt. of India, Ministry of Corporate Affairs clarified vide letter SRN No. B39228101/2/2012-CL.VII dated 24/09/2012, that in view of amendments made Schedule XIII of Companies Act, 1956 vide Gazette Notification GSR 534 (E) dated 14/07/2011, the approval of the Central Govt. is not required with effect from 14/07/2011.

44. Remuneration paid to Chief Operating Officer (Manager) *:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Salary and Allowances	27.82	24.36
Contribution to Provident Fund	1.61	1.37
Other Benefits	3.12	2.69
Total	32.55	28.42

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

45. 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, 2014		March 31, 2013	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	13,911,063	841,236,751	17,859,205	977,970,067
	EURO	599,133	49,790,977	599,133	42,250,884
	JPY	510,250	302,578	510,250	302,157
Total			891,330,306		1,020,523,108

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

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

For and on behalf of the Board of Directors

MANISH SINGHAL
 Partner
 Membership No. 502570

R.M.KASTIA
 Whole Time Director

M.P.SHUKLA
 Director

Place : New Delhi
 Date : 28th April, 2014

S.NARAYANAN
 Company Secretary