

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HTL LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of HTL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Basis for Qualified Opinion

- a) *As mentioned in Note 25 and 26 to the financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs.10,799.75 Lakhs (Previous year Rs. 22,500.51 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. 2565.66 Lakhs (Previous year: Rs 2415.45 Lakhs). The turnover during the period ended 31, March 2015 is Rs. 218.49 Lakhs (Previous Year: Rs. 62.66 Lakhs). These factors, along with other matters as set forth in the said notes, raise doubts 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.*
- b) *As mentioned in Note 29(a) to the financial statement, the company has not made the provision of interest on short term borrowings amounting to Rs. 308.55 lakhs on account of pending settlement with the lenders. Accordingly, finance cost would have been increased by Rs. 308.55 lakhs and profit for the year and shareholders' fund would have been reduced by Rs. 305.55 lakhs.*

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of paragraph 4(a) and the effects of paragraph 4(b) the matter described in the Basis for Qualified Opinion*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
- B) As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and, *except for the matters described in the Basis of Qualified Opinion paragraph*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) *Except for the possible effects of paragraph 4(a) and the effects of paragraph 4(b) the matter described in the Basis for Qualified Opinion above*, in our opinion, proper books

of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) *Except for the possible effects of paragraph 4(a) and the effects of paragraph 4(b) the matter described in the Basis for Qualified Opinion*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Manish Singhal
Partner
Membership No. 502570

Place: New Delhi
Date: 27th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 6A of the Auditors' Report of even date to the Members of **HTL Limited** on the accounts for the period ended 31st March, 2015;

- 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.
- 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. As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not 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 and services. 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. The Company has not accepted any deposits during the year.

VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.

VII. (a) According to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, though there have been a slight delay in a few cases. According to the information and explanations given to us and as certified by the management, 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	Income Tax Act	Tax Deducted at source	36.58	Various Dates

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

(c) According to the information and explanations given to us and as certified by the management, there are no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under

VIII. 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) The Company has not incurred cash loss during the year and also In the immediately preceding financial year.

IX. According to the information and explanations given to us and records examined by us, as at the Balance Sheet date the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders.

X. 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.

- XI. 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.
- XII. 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: 27th April, 2015

HTL LIMITED
BALANCE SHEET AS AT 31st March, 2015

In Rs./Lakhs

Particulars	Note No.	Figures as at 31 st March, 2015	Figures as at 31 st March, 2014
I EQUITY AND LIABILITY			
(1) Shareholders Funds			
(a) Share Capital	1	1,500.00	1,500.00
(b) Reserve & Surplus	2	(11,900.00)	(24,064.63)
(2) Non- Current Liabilities			
(a) Long Term Borrowings	3	3.06	5.07
(b) Long Term Provision	4	220.58	360.79
(3) Current Liabilities			
(a) Short Term Borrowings	5	1,755.00	3,000.00
(b) Trade Payables	6	2,504.81	12,674.36
(c) Other Current Liabilities	7	10,351.66	14,420.08
(d) Short Term Provision	8	43.44	413.87
		4,478.55	8,309.54
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	299.09	301.74
(ii) Capital Work in Progress	9	324.31	-
(2) Current Assets			
(a) Inventories	10	6.51	6.51
(b) Trade Receivables	11	615.93	3,746.00
(c) Cash & Bank Balances	12	2,552.93	2,923.95
(d) Short-term Loans & Advances	13	319.04	970.60
(e) Other Current Assets	14	360.74	360.74
		4,478.55	8,309.54

As per our report of even date attached

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

For and on behalf of the Board of Directors

MANISH SINGHAL
Partner
M.No. 502570

MAHENDRA NAHATA
Chairman

R.M.KASTIA
Whole Time Director

Place : New Delhi
Date : 27/04/2015

S.NARAYANAN
Company Secretary

N. THANGARAJ
C F O

HTL LIMITED			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 st March, 2015			
In Rs./Lakhs.			
Particulars	Note No	Figures for the year ended 31 st March, 2015	Figures for the year ended 31 st March, 2014
I Revenue From Operation	15	227.60	69.23
Less: Excise Duty		(9.11)	(6.57)
		218.49	62.66
II Other Income	16	13,753.92	10,000.54
III Total Revenue		13,972.41	10,063.20
IV EXPENDITURE			
Cost of Material Consumed	17	208.90	43.51
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	18	-	-
Employee Benefits Expenses	19	864.89	1,023.77
VRS Expenditure		283.50	-
Finance Cost	20	168.53	1,086.17
Depreciation and Amortization Expenses	9	28.20	24.59
Other Expenses	21	253.65	2,217.53
Total Expenses		1,807.67	4,395.57
V Profit before Exceptional Items, Extraordinary Items and Tax (III- IV)		12,164.74	5,667.63
VI Exceptional Items - expenses/(income)		-	(27,226.20)
VII Profit before Extraordinary Items and Tax (V-VI)		12,164.74	32,893.83
VIII Extraordinary Items		-	-
IX Profit before Tax (VI-VIII)		12,164.74	32,893.83
X Less: Tax Expense:			
Current Tax		-	315.00
Deffered Tax		-	-
XI Profit / (Loss) for the year (V - VI)		12,164.74	32,578.83
As per our report of even date attached			
For KHANDELWAL JAIN & CO.		For and on behalf of the Board of Directors	
Chartered Accountants			
Firm Regn No. 105049W			
MANISH SINGHAL	MAHENDRA NAHATA	R.M.KASTIA	
Partner	Chairman	Whole Time Director	
M.No. 502570			
Place : New Delhi	S.NARAYANAN	N. THANGARAJ	
Date : 27/04/2015	Company Secretary	C F O	

HTL LIMITED

Cash Flow Statement for the year ended March 31, 2015

Particulars	2014-2015 Rs./Lakhs	2013-2014 Rs./Lakhs
A. Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	12,164.74	32,893.83
Adjustments for:		
Depreciation	28.20	24.59
Unrealised Foreign Exchange Loss/(Gain) (net)	13.18	886.27
Interest Income	(208.43)	(321.47)
Interest Expense	168.00	1,085.13
Sale of Land	-	(27,226.20)
Provisions Written Back	-	-
Liabilities Written Back	(13,525.46)	(9,470.21)
Operating Loss before Working Capital Changes	(1,359.77)	(2,128.06)
Adjusted for:		
Inventories	-	0.15
Trade & Other Receivables	3,498.74	3,127.14
Trade & Other Payables	(1,071.77)	(2,117.60)
Cash Generated from Operations	1,067.20	(1,118.37)
Direct Taxes Paid (Net of Refunds)	(32.11)	(345.65)
Net Cash from/(used in) Operating Activities	1,035.09	(1,464.02)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets including CWIP	(349.97)	-
Sale of Fixed Assets (Net of Advance)	-	24,509.09
Advance against sale of Land	-	-
Decrease/(Increase) in Term Deposits with Banks	35.91	(1,083.46)
Interest Received	208.43	321.47
Net Cash from/(used in) Investing Activities	(105.63)	23,747.10
C. Cash Flows from Financing Activities		
Proceeds from Long-Term Borrowings	-	-
Repayments of Long-Term Borrowings	(1.78)	(1.57)
Repayments of Short - Term Borrowings	(2,100.00)	(5,451.87)
Proceeds from Short-Term Borrowings	855.00	-
Interest Paid	(17.79)	(16,035.50)
Net Cash from/(used in) Financing Activities	(1,264.57)	(21,488.94)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(335.11)	794.14
Cash and Cash Equivalents at the Beginning of the Year	963.89	169.75
Cash and Cash Equivalents at the End of the Year	628.78	963.89

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, 2015 (Rs. /Lakhs)	March 31, 2014 (Rs. /Lakhs)
Cash and Cheques on Hand	3.24	1.83
With banks - on Fixed Deposit Account - Maturity less than 3 months	453.38	206.04
With banks - on Current Account	172.16	756.02
Cash and Cash Equivalents at the End of the Year	628.78	963.89

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

As per our report of even date

For and on behalf of the Board of Directors

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

MANISH SINGHAL
Partner
M.No. 502570

MAHENDRA NAHATA
Chairman

R.M.KASTIA
Whole Time Director

Place : New Delhi
Date : 27/04/2015

S.NARAYANAN
Company Secretary

N. THANGARAJ
C F O

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"1" -SHARE CAPITAL	Figures as at 31 st March, 2015	Figures as at 31 st March, 2014
	Rs. In Lakhs	Rs. In Lakhs
AUTHORISED 2,000,000 (Previous year-2,000,000 of Rs.100/- each) Equity Shares of	2,000.00	2,000.00
ISSUED,SUBSCRIBED & PAID UP 1,500,000 (Previous year-1,500,000 of Rs.100/- each) Equity Shares of	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, 2015		31st March, 2014	
	%	No.of Shares	%	No.of Shares
Himachal Futuristic Communications Ltd.	74.00	11,10,000	74.00	11,10,000
Govt. of India represented by President of India	25.99	3,89,996	25.99	3,89,996

iv) The reconciliation of the number of shares outstanding as at 31st March, 2015 is set out below:

Particulars	Number of Shares as at 31st March, 2015	Number of Shares as at 31st March, 2014
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

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"2" -RESERVES & SURPLUS	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Capital Reserve:		
Opening balance	-	-
Add: Addition During the year	-	-
	-	-
Less:Utilised during the year	-	-
Closing Balance	-	-
Profit & Loss Account:		
Opening Balance	(24,064.63)	(56,643.46)
Add: Carrying amount of the assets where the remaining useful life is NIL, as per schedule II of Companies Act, 2013	(0.11)	
Add: Net Profit / (Net Loss) for the current year	12,164.74	32,578.83
	(11,900.00)	(24,064.63)
Less:		
Less:Transfer to General Reserve	-	-
Closing Balance	(11,900.00)	(24,064.63)
TOTAL	(11,900.00)	(24,064.63)

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, 2015 Rs. In Lakhs	Figures as at March, 2014 Rs. In Lakhs
Secured		
Vehicle Loan from Bank	3.06	5.07
TOTAL	3.06	5.07

Note:

Note: Vehicle Loans of Rs. 506,287 (Previous Year Rs. 683,646) 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

"4" - LONG TERM PROVISION	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Provision for Gratuity	146.09	254.59
Provision for Leave Encashment	74.49	106.20
TOTAL	220.58	360.79

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"5" - SHORT TERM BORROWINGS	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Secured		
Working Capital Demand Loans	-	-
Cash Credit Facilities	-	-
Unsecured		
Loans From Other Parties	1,755.00	3,000.00
TOTAL	1,755.00	3,000.00

"6" - TRADE PAYABLE	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Others *	2,504.81	12,674.36
TOTAL	2,504.81	12,674.36

* Includes payable to Holding Company Rs. 657.43 lakhs (Previous year Rs. 917.95 lakhs)

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"7" - OTHER CURRENT LIABILITIES	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Current maturities for Long term loans		
from Govt. of India (GOI)	624.20	624.20
from HDFC Bank (Vehicle Loan)	2.00	1.77
Interest accrued and due on GOI	2,565.66	2,415.45
Interest accrued and due on other Borrowing	687.50	687.50
Advance from Customers	6,257.00	6,257.00
Earnest Money Deposit	20.34	20.04
Statutory Dues Payable	50.89	1,845.13
Other Liabilities	144.07	2,568.99
TOTAL	10,351.66	14,420.08

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	-	596.68
More than 1 to 3 years	-	450.63
June 14	-	37.55
Sep '14	-	37.55
Dec '14	-	37.55
Mar '15	-	37.56
Total	624.20	2,565.66

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

"8" - SHORT TERM PROVISION	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Provision for Gratuity	21.71	42.56
Provision for Leave Encashment	21.73	56.31
Provision for Income Tax	-	315.00
TOTAL	43.44	413.87

"9" - FIXED ASSETS												
Sr.No.	Description	Gross Block					Depreciation				Net Block	
		Figures as at 31st March, 2014	Addition	Deduction	Figures as at 31st March, 2015	Upto 31 st March, 2014	Adjustments*	For 2014-15	Deduction	Upto 31st March, 2015	Figures as at 31st March, 2015	Figures as at 31st March, 2014
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
1A	Land - Freehold	2.99	-	-	2.99	-	-	-	-	-	2.99	2.99
1B	Land - Leasehold	2.44	-	-	2.44	-	-	-	-	-	2.44	2.44
2	Building	447.41	-	-	447.41	383.08	-	8.69	-	391.77	55.64	64.33
3	Plant & Machinery	4,303.76	4.21	-	4,307.97	4,081.53	-	12.39	-	4,093.92	214.05	222.23
4	Airconditioning Plant	74.39	-	-	74.39	74.39	-	-	-	74.39	-	-
5	Furniture & Fixtures	156.72	-	-	156.72	156.72	-	-	-	156.72	-	-
6	Office Equipments	76.40	0.89	-	77.29	76.30	-	0.27	-	76.57	0.72	0.10
7	Data Processing Equipment	206.23	1.41	-	207.64	206.12	0.11	0.47	-	206.70	0.94	0.11
8	Vehicles	26.14	19.15	-	45.29	16.60	-	6.38	-	22.98	22.31	9.54
	TOTAL	5,296.48	25.66	-	5,322.14	4,994.74	0.11	28.20	-	5,023.05	299.09	301.74
	Previous Year	5,299.37	-	2.89	5,296.48	4,970.15	-	24.59	-	4,994.74	301.74	
9	Capital Work-in-Progress:											
	Hosur Project - Expenditure during construction				324.31						324.31	
	TOTAL				5,646.45						623.40	

1A : Freehold land of 2.56 acres

1B : Leasehold land of Hosur 15.09 acres.

2 : Buildings includes value for Hosur Building also.

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

4 : Refer foot note of Note No. 2

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

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"10" -INVENTORY	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Stores & Spares	-	-
Less : Provision for Non Moving	-	-
	-	-
Materials & Components	6.51	6.51
Less : Provision for Non Moving	-	-
	6.51	6.51
Finished Goods	-	-
Less : Provision for Non Moving	-	-
	-	-
Work in Progress	-	-
Less : Provision for Non Moving	-	-
	-	-
TOTAL	6.51	6.51

"11" -TRADE RECEIVABLES	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Unsecured, considered good (Debts outstanding For a period Exceeding six month)		
Considered good	615.93	3,746.00
Considered Doubtful	-	-
	615.93	3,746.00
Less: Provision for Doubtful Debts	-	-
	615.93	3,746.00
Others	-	-
	-	-
TOTAL	615.93	3,746.00

"12" -CASH & BANK BALANCES	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Cash & cash equivalent		
Balance with Scheduled Banks in Current Accounts	172.16	756.02
Balance with Scheduled Banks in Fixed Deposit Accounts		
Maturity less than 3 months	453.38	206.04
Cash on Hand	3.24	1.83
Balance with Fixed Deposit Accounts		
Maturity 3 to 12 months	1,411.33	1,486.97
Maturity more t than 12 months	210.82	196.18
FD held as margin money	302.00	276.91
TOTAL	2,552.93	2,923.95

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"13" - SHORT TERM LOANS AND ADVANCES	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Unsecured, considered good		
Loans to Employees	-	0.09
Other Loans and Advances		
Advances Recoverable in cash or in kind	63.96	57.65
Balance with Customs, Excise etc.	0.17	0.17
Advance income tax (Net)	207.84	490.73
Deposits - Others	47.07	421.96
TOTAL	319.04	970.60

"14" - OTHER CURRENT ASSETS	Figures as at 31st March, 2015 Rs. In Lakhs	Figures as at 31st March, 2014 Rs. In Lakhs
Claims Receivable	347.00	347.00
Fixed Asset held for sale	13.74	13.74
TOTAL	360.74	360.74

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"15" -REVENUE FROM OPERATIONS	Figures for the year ended 31st March, 2015 Rs. In Lakhs	Figures for the year ended 31st March, 2014 Rs. In Lakhs
Sales of Product	227.60	20.22
Sales of Services	-	49.01
Less: Excise Duty	(9.11)	(6.57)
TOTAL	218.49	62.66

"16" -OTHER INCOME	Figures for the year ended 31st March, 2015 Rs. In Lakhs	Figures for the year ended 31st March, 2014 Rs. In Lakhs
Interest Income Gross	208.43	321.47
Rental Income	8.02	8.66
Service Charges Receipts	-	200.00
Waiver of Interest by Banks	-	9,076.21
Unclaimed Creditors - Liability Outstanding for more than 3 years written back	810.66	-
Written back of Foreign suppliers towards non-validation of Equipments supplied to BSNL	636.39	-
Written back of supplier with respect to amounts deducted by BSNL in supply Bills towards Liquidated Damages etc. for NIB Project	2,887.78	-
Written back of supplier in respect of NIB Project towards Foreign Exchange Variance	5,140.05	-
Provisions made in the past years towards services, withdrawn during the year as no liability exists	137.95	-
Provisions made in the past years towards Liquidated Damages withdrawn as it is no longer required	170.11	-
Recovery of old Debts	74.66	-
Inventory Excess Provision written back	-	43.22
Provision no longer required written back	3,623.50	28.70
Waiver by Creditors	44.36	322.08
Miscellaneous receipts	12.01	0.20
TOTAL	13,753.92	10,000.54

"17" -COST OF GOODS CONSUMED	Figures for the year ended 31st March, 2015 Rs. In Lakhs	Figures for the year ended 31st March, 2014 Rs. In Lakhs
Opening Balance	6.51	1,713.22
Add : Purchases during the year	208.90	0.14
Less: Written Off	-	1,663.34
Less: Closing Stock	6.51	6.51
TOTAL	208.90	43.51

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"18" -CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Figures for the year ended 31st March, 2015	Figures for the year ended 31st March, 2014
	Rs. In Lakhs	Rs. In Lakhs
Closing Stock:		
Finished Goods	-	-
Work in Progress	-	-
Less:Excise Duty on (Increase)/ Decrease of Finished Stock	-	-
Less: Opening Stock	-	-
Finished Goods	-	115.45
Work in Progress	-	495.30
Less: Written Off	-	610.75
CHANGE IN STOCK	-	-

"19" -EMPLOYEE BENEFIT EXPENSES	Figures for the year ended 31st March, 2015	Figures for the year ended 31st March, 2014
	RS. IN LAKHS	RS. IN LAKHS
Salaries and Wages	615.85	754.78
Contribution to Provident & Other Funds	51.82	76.42
Gratuity Expenses	77.83	53.54
Leave Encashment	55.10	51.29
Welfare expenses	64.29	87.74
TOTAL	864.89	1,023.77

"20" -FINANCE COST	Figures for the year ended 31st March, 2015	Figures for the year ended 31st March, 2014
	RS. IN LAKHS	RS. IN LAKHS
Interest Expenses		
To Banks	0.72	11.45
On Statutory Dues	-	179.47
On GOI Loans	150.21	150.21
To Others	17.07	744.00
Other Borrowing Cost (Bank Charges)	0.53	1.04
TOTAL	168.53	1,086.17

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"21" OTHER EXPENSES	Figures for the year ended 31st March, 2015	Figures for the year ended 31st March, 2014
	Rs. In Lakhs	Rs. In Lakhs
Consumption of Stores & Spares and other direct cost		
Consumable Stores	-	0.51
Outside Labour Charges on Component	-	-
Foreign Exchange Fluctuation (Net)	13.18	886.27
Payment to the Auditors:		
As Audit Fee	8.99	8.99
As Tax Audit	1.12	1.12
For Other Services	-	-
Reimbursement of Expenses	0.73	1.43
Rent	-	2.22
Freight & Transportation Expenses		-
Power & Fuel	30.03	32.52
Insurance Expenses	7.08	9.14
Rates & Taxes	12.28	375.67
Repairs & Maintenance		
Building	23.76	30.83
Machinery	-	-
Others	5.44	2.93
Travelling & Conveyance Expenses	27.75	26.31
Directors Sitting Fees	0.31	0.60
Leasing Charges	6.70	6.70
Telephone Expense	4.02	4.61
Liquidated Damages on Sales	18.78	301.30
Loans and Advances /Others Written -Off	-	561.10
Less: Adjustment of Provision for Loans and Advances /Others	-	(561.10)
Debtors Write-Off	-	3,786.74
Less: Adjustment of opening Provision 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.	6.09	5.28
Vehicles- Running & Maintenance(CAR)	7.10	6.17
Security Charges	41.75	38.87
Legal & Professional Expenses	26.26	144.88
Prior Period Expenses	-	-
Miscellaneous Expenses	12.28	4.45
TOTAL	253.65	2,217.53

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

b. Revenue Recognition

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

c. Fixed Assets

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

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

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

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

e. Inventory Valuation

Inventories are valued as follows:

- (i) Materials, Components and Stores & Spares: Lower of cost and net realizable value. Cost is determined on 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 realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and to make the sale.

f. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

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

g. Retirement and other Employees' Benefits

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

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

virtual certainty that such deferred tax assets can be 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.

i. Earnings Per Share

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

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

j. Provisions

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

k. Cash and Cash Equivalents

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

24. Contingent Liabilities (not provided for):

S.NO	PARTICULARS	(Rupees in Lakhs)	
		31, Mar 2015	31, Mar 2014
A.	Unredeemed bank guarantees.	61.00	61.00
B.	Impact of pending litigations not acknowledged as debt in financial statements	354.19	354.19

25. The Company has accumulated losses of Rs. 11,900.00 Lakhs (Previous year Rs. 24,064.63 Lakhs) as at March 31, 2015, resulting in negative net worth of Rs.10,400.00 Lakhs (Previous year Rs. 22,564.63 Lakhs). The Company's current liabilities exceed its current assets by Rs.10,799.75 Lakhs (Previous year Rs. 22,500.51 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. 2565.66 Lakhs (Previous year: Rs 2415.45 Lakhs). The turnover during the period ended 31, March 2015 is Rs. 218.49 Lakhs (Previous Year: Rs. 62.66 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 last 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 venturing into setting up of plant for manufacture and sale of Optical Fiber Cable at Chennai factory and FRP Rods and IGFR at Hosur Factory. In view of above, the financial statements have been prepared on a going concern basis.

26. The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA) due to erosion of its net worth accordingly the Company was declared a Sick Industrial Company by BIFR on June 08, 2009 under section 17(1) of SICA.
27. Loan of Rs. 624.20 Lakhs (Previous year Rs.624.20 Lakhs) together with interest accrued and due thereon of Rs. 2265.66 Lakhs (Previous year Rs. 2415.45 Lakhs) is due to Government of India (GOI). As at March 31, 2015, total loan of Rs. 624.20 Lakhs (Previous year Rs 624.20 Lakhs) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs. 347.00 Lakhs compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan. [Refer Note. 29 below].
28. a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 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 is yet to be 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.

29. (a) The Company has taken unsecured loans from various parties and after repayment, the net amount outstanding as on 31st march, 2015 is Rs.1755.00 lakhs. The interest payable on these loans is under discussion with the concerned lenders and the interest liability if any fastened on the company will be provided after finalization. However, the interest liability estimated as per the basis followed in the earlier year amounts to Rs. 308.56 Lakhs.

(b) Claims receivable includes Rs. 347.00 Lakhs receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for preclosure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government of India Loan. In reply, the Company requested DoT vide letter no. 43.12 ETP dated 08.12.2003 to adjust the compensation amount of Rs. 347.00 Lakhs against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of Rs.347.00 Lakhs compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. [Refer Note 27 above].

30. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, since the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.

31. Based on information available with the Company, there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.
32. Balances of some of the Trade receivable, Trade payables, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. However the management believes that there will not be any material change to the balances as reflected in the books of accounts as on March 31, 2015.

33. Related Party Disclosures

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

a) Name of Related Parties and its relationship:

Name	Relationship
Himachal Futuristic Communications Limited (HFCL)	Holding Company
Moneta Finance Private Limited	Fellow Subsidiary
HFCL Advance Systems Private Limited	Fellow Subsidiary (w.e.f 23.02.2015)
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	2014-15		2013-14	
	Holding Company	Entities Under Common Control	Holding Company	Entities Under Common Control
Name of the Party	HFCL	ETL	HFCL	ETL
Rent received	4.56	1.97	4.73	1.97
Expenses recovered	1.60	0.32	0.61	0.20
Purchase of capital goods	61.39			
Sale of services				
Advance Received/ Transfer	-	-	510.00	
Closing Balance as at March 31, 2015				
Trade Payable	596.04	-	917.95	-
Advances Payable*	6257.00	-	6257.00	-
Receivables	11.27	7.77	7.02	5.48
Other Payables	61.39			

* 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.

34. 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.

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

(Rs. In Lakhs)

Particulars	Year Ended March 2015		Year Ended March 2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the beginning of the period	308.10	162.50	487.59	216.80
Current service cost	8.46	5.99	11.44	6.88
Interest cost	18.00	9.54	29.58	13.12
Past Services	-	-	-	-
Actuarial (gain) / losses	53.20	26.36	15.20	31.29
Benefits paid	(207.19)	(108.17)	(235.71)	(105.58)
Obligations at the end of the period	180.58	96.22	308.10	162.51
Change in plan assets				
Plan assets at period beginning, at fair value	10.95		8.27	
Expected return on plan assets	0.91		0.70	
Actuarial gain /(loss)	0.04		0.95	
Contributions	0.88	108.17	1.03	105.58
Benefits paid	-	(108.17)	-	(105.58)
Plan assets at period end, at fair value	12.78	-	10.95	-
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	(12.78)	-	(10.95)	-
Present value of defined benefit obligations at the end of the period	180.58	96.22	308.11	162.51
Asset/ (Liability) recognised in the balance sheet	(167.80)	(96.22)	(297.15)	(162.51)
Cost for the period				
Current service cost	8.46	5.99	11.44	6.88
Interest cost	18.00	9.54	29.58	13.12
Past Services	-	-	-	-
Expected return on plan assets	(0.91)	-	(0.70)	-
Actuarial (gain) / losses	53.16	26.36	14.26	31.29
Net cost	78.71	41.88	54.57	51.29

Particulars	Year Ended March 2015		Year Ended March 2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	180.58	(96.22)	308.10	(162.51)
Plan Assets	12.78	-	10.95	-
Surplus / (deficit)	(167.80)	(96.22)	(297.15)	(162.51)
Experience adjustments on plan liabilities (Loss) / Gain	53.20	26.36	15.20	31.29
Experience adjustments on plan assets – Gain / (Loss)	0.04	-	0.95	-
Assumptions:				
Interest rate	7.8%	7.8%	8.8%	8.8%
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

36. Earnings Per Share:

Particulars	March 31, 2015	March 31, 2014
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)	12,164.75	32,578.83
Basic and Diluted Earnings Per Share (in Rs.)	810.98	2171.92

37. With effect from April 01, 2014, the company has revised the useful life of some of its fixed assets to comply with the useful life as prescribed by schedule II to the Companies Act, 2013. As per Note 7 of Part C of Schedule II to the Companies Act, 2013 the carrying amount of the asset as on the date has to be depreciated over the remaining prescribed useful life of the asset. Consequently, the depreciation charge for year ended 31st March, 2015 is higher by Rs. 0.35 lakhs.

Further, where the remaining useful life of an asset is nil, the carrying amount of the asset as on that date (i.e April 01, 2014) has to be recognized in the opening balance of retained earnings. Accordingly, an amount of Rs.0.11 lakhs has been added to the opening balance of the deficit in the Statement of Profit and Loss.

38. With effect from April 01, 2014, the company has charged Voluntary retirement scheme expenditure (VRS Expenditure) to the Statement of Profit & Loss in the year of expenditure, as against the earlier policy of amortization over a period of 3 years. Consequently VRS Expenditure charge for the year ended March 31, 2015 is higher by Rs. 189.00 lakhs.

39. Value of imports on CIF basis

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Materials and Components	-	-
Capital Goods	-	-

40. Expenditure in foreign currency (on payment basis)

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Purchase of Material	208.90	-

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

Particulars	2014-15		2013-14	
	%Age	Value	%Age	Value
Imported	-	-	99	43.25
Indigenous	100	208.90	1	0.26
Total	100	208.90	100	43.51

42. Earning in Foreign Currency (On Cash Basis)

Earnings	2014-15	2013-14
	-	-

43. Remuneration paid to Whole Time Director *:

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Salary and Allowances	144.93	115.22
Contribution to Provident Fund	8.20	7.53
Other Benefits	1.81	1.78
Total	154.94	124.53

* Approval of the shareholders will be obtained in the ensuing Annual General Meeting.

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Salary and Allowances	30.78	27.82
Contribution to Provident Fund	1.82	1.61
Other Benefits	14.87	3.12
Total	47.47	32.55

*The share of Gratuity 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, 2015		March 31, 2014	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	547,337	34,416,544	13,911,063	841,236,751
	EURO	-	-	599,133	49,790,977
	JPY	-	-	510,250	302,578
Total			34,416,544		891,330,306

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

MAHENDRA NAHATA
Chairman

R.M.KASTIA
Whole Time Director

Place : New Delhi
Date : 27/04/2015

S.NARAYANAN
Company Secretary

N.THANGARAJ
C F O