

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HTL LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of HTL Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder.

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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

As mentioned in Note No. 43(b), the Company has not made the provision of interest amounting to Rs. 150.21 lakhs for the year ended 31st March, 2017, pending the adjustment of ETP compensation against the interest portion of outstanding Government of India loan. Had the provision for the same been made, finance cost and liability as on 31.03.2017 would have been higher by Rs. 150.21 lakhs and profit for the year and total equity would have been lower by Rs. 150.21 lakhs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion*, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 40 to the financial statements, the company has accumulated losses of Rs.11,469.38 Lakhs as at March 31, 2017, resulting in negative net worth of Rs. 9,969.38 Lakhs. The Company's current liabilities exceed its current assets by Rs. 3,619.16 Lakhs as of that date. Further, the Company has overdue loans from Government of India amounting to Rs.624.20 Lakhs together with interest accrued and due thereon of Rs.2715.88 Lakhs. These factors raise doubts that the Company will not be able to continue as a going concern. The Company has set up a plant to manufacture optical fibre cables and Fiber-to-home cables. During the year, the Company has achieved Sales Turnover of Rs. 20144.07 Lakhs as compare to Previous year Rs. 3063.76 lakhs. In view of the above, the financial statements have been prepared on a going concern basis. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. 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 matters described in the Basis of Qualified Opinion paragraph*, 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, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) *except for the matters described in the Basis of Qualified Opinion paragraph*, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (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 standalone Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 35 to the standalone Ind AS financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. by the Company; and
 - iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 34 to the standalone Ind AS financial statements.

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

Manish Kumar Singhal
Partner
Membership No. 502570

Place: New Delhi
Date: 27th April, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

Particular of Assets	Value of Assets	Remark
30.99 acres land at Guindy Industrial Area, Chennai	Rs. 1	Refer Note No. 42(a)

- (ii) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- (iii) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) As per the information furnished, the Company has not made investments, given loans, guarantees and securities as per the provisions of section 185, 186 of the Companies Act 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.
- (vii) (a) According to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, *though there have been a slight delay in a few cases.*

According to the information and explanations given to us and as certified by the management, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, excise duty and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, *except as follows:*

Sl. No.	Name of the Statute	Nature of Dues	Amounts in Rs/ lakhs	Due Date
1.	Professional Tax	Professional Tax	3.53	Various dates

- (b) According to the information and explanations given to us and as certified by the management, there are no dues outstanding of income-tax, sales-tax and excise duty on account of any dispute.
- (viii) Based on our audit procedures and the information and explanations given to us, the company has defaulted in repayment of dues to government, the defaults during the year and/or as on balance sheet date i.e. 31st March, 2017 are as follows:

Loan from Govt. of India		Amount in Rs. Lakhs
Period of Default	Principal	Interest
More than 6 years	624.20	1964.83
More than 4 to 6 years	-	300.42
More than 2 to 4 years	-	300.42
June 15	-	37.55
Sep '15	-	37.55
Dec '15	-	37.55
Mar '16	-	37.56

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and as certified by the management, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Manish Kumar Singhal
Partner
Membership No. 502570

Place: New Delhi
Date: 27th April, 2017

Annexure - B to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HTL Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Manish Kumar Singhal)
Partner
Membership No. 502570

Place: New Delhi
Date: 27th April, 2017

HTL Limited - Financial Statements
(All amounts are in Rs.)
Balance Sheet as on 31st March, 2017

Assets	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current Assets				
(a) Property, Plant and Equipment	4	513,273,053	499,881,003	29,909,219
(b) Capital work-in-progress	5	2,955,781	-	32,431,395
(c) Financial Assets				
(i) Other Bank Balance	6	45,818,469	40,464,322	51,280,962
(d) Other non-current assets				
(i) Capital Advances		8,553,878	-	-
Total non-current assets		570,601,181	540,345,325	113,621,576
Current Assets				
(a) Inventories	7	252,531,710	163,183,486	650,588
(b) Financial Assets				
(i) Trade Receivables	8	725,331,695	166,377,092	61,594,238
(ii) Cash & cash equivalents	9	21,982,893	31,631,767	62,878,742
(iii) Bank balances other than (ii) above	10	100,093,872	99,990,000	141,133,000
(iv) Others	11	5,631,488	2,642,685	4,706,949
(c) Current Tax Assets (Net)	12	18,023,941	21,516,780	20,783,524
(d) Other current assets	13	70,933,577	89,438,451	42,487,036
Total current assets		1,194,529,176	574,780,261	334,234,076
Total Assets		1,765,130,357	1,115,125,586	447,855,653

HTL Limited - Financial Statements

(All amounts are in Rs.)

Balance Sheet as on 31st March, 2017

Equity and Liabilities	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity				
(a) Equity Share capital	14	150,000,000	150,000,000	150,000,000
(b) Other Equity	14	(1,146,937,789)	(1,166,265,500)	(1,190,001,632)
Total Equity		(996,937,789)	(1,016,265,500)	(1,040,001,632)
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	467,307,510	80,803	306,150
(ii) Others	16	720,000,000	-	-
(b) Provisions	17	18,315,119	16,620,640	22,058,019
Total non-current liabilities		1,205,622,629	16,701,443	22,364,169
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	186,481,967	240,000,000	175,500,000
(ii) Trade Payables	19			
(a) total outstanding dues of micro		-	-	-
(b) total outstanding dues of creditors other		1,218,651,960	721,691,993	250,481,925
(iii) Other financial liabilities	20	33,471,666	345,726,241	389,971,138
(b) Other current liabilities	21	114,373,908	804,136,048	645,196,073
(c) Provisions	22	3,466,016	3,135,360	4,343,981
Total current liabilities		1,556,445,518	2,114,689,643	1,465,493,116
Total Liabilities		2,762,068,147	2,131,391,086	1,487,857,285
Total equity and liabilities		1,765,130,357	1,115,125,586	447,855,653

As per our report of even date attached

For and on behalf of the Board

For Khandelwal Jain & Co.

Firm Reg. No. 105049W

Chartered Accountants

MAHENDRA NAHATA
ChairmanR. M. KASTIA
Whole Time Director

(Manish Kumar Singhal)

Partner

M.No. 502570

S. NARAYANAN
Company SecretaryC D PONNAPPA
CFO

New Delhi, 27th April, 2017

New Delhi, 27th April, 2017

HTL Limited - Financial Statements

(All amounts are in Rs.)

Statement of Profit and loss for the year ended 31st March, 2017

Particulars		Note No.	For the year ended	For the year ended
			March 31, 2017	March 31, 2016
I.	INCOME			
	Revenue from operations	23	2,014,406,627	306,375,920
	Other Income	24	68,604,916	127,373,510
	Total Income (I)		2,083,011,544	433,749,431
II.	EXPENSE			
	Cost of Material Consumed	25	1,466,579,153	331,572,167
	Other Direct cost	26	6,674,664	138,104
	(Increase) / Decrease in stock		(3,553,815)	(61,656,484)
	Employee benefits expense	27	178,491,346	32,937,240
	Finance Cost	28	51,587,542	31,344,052
	Depreciation	4	59,766,094	12,887,367
	Other Expenses	29	302,039,572	57,336,651
	Total Expenses (II)		2,061,584,556	404,559,096
III	Profit / (loss) before exceptional items and income tax (I-II)		21,426,988	29,190,334
IV	Exceptional item (net of tax)		-	-
V	Profit / (Loss) before tax (III - IV)		21,426,988	29,190,334
VI	Tax expense			
	Current tax		-	-
	Deferred Tax		-	-
VII	Profit/(loss) for the period (V-VI)		21,426,988	29,190,334

HTL Limited - Financial Statements

(All amounts are in Rs.)

Statement of Profit and loss for the year ended 31st March, 2017

Particulars		Note No.	For the year ended 'March 31, 2017	For the year ended 'March 31, 2016
VIII	Other Comprehensive Income			
	A.) Items that will not be reclassified to profit or loss (i) remeasurement of defined benefit plans:		(2,099,277)	4,186,903
	B.) Items that will be reclassified to profit or loss:		-	-
	Other comprehensive income for the year after tax (X)		(2,099,277)	4,186,903
Particulars		Note No.	For the year ended 'March 31, 2017	For the year ended 'March 31, 2016
IX	Total comprehensive income for the year (VII+VIII)		19,327,711	33,377,237
	Earnings per share attributable to the equity holders of the Company during the year			
	Basic earnings per share	30	1.43	1.95
	Diluted earnings per share	30	1.43	1.95

As per our report of even date attached

For and on behalf of the Board

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

MAHENDRA NAHATA
Chairman

R. M. KASTIA
Whole Time Director

(Manish Kumar Singhal)
Partner
M.No. 502570

S. NARAYANAN
Company Secretary

C D PONNAPPA
C F O

New Delhi, 27th April, 2017

New Delhi, 27th April, 2017

HTL Limited - Financial Statements

(All amounts are in Rs.)

Statement of Cash Flow for the year ended 31st March, 2017

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
I. Cash Flow From Operating Activities		
Profit before income tax including OCI	19,327,711	23,736,132
Adjustments for		
Depreciation and Amortization expenses	59,766,094	12,887,367
Gain on disposal of property, plant and equipment	(4,579,440)	(13,834,889)
Liabilities written Back	(31,954,723)	(32,383,134)
Finance costs	51,587,542	31,344,052
Interest Income	(6,560,749)	(6,735,755)
Net exchange differences	(4,427,883)	1,788,484
Change in operating assets and liabilities		
(Increase)/Decrease in trade receivables	(558,954,603)	(104,782,854)
(Increase) in inventories	(89,348,224)	(162,532,898)
Increase in trade payables	501,387,851	469,421,584
(Increase) in other financial assets	(2,988,803)	2,064,264
(Increase)/decrease in other non-current assets	22,660,574	(46,951,416)
(Increase)/decrease in other current assets	2,025,135	(6,646,000)
Increase in other current liabilities	60,157,825	191,323,110
Cash generated from operations	18,098,306	358,698,047
Income taxes paid	3,492,839	(733,256)
Net cash inflow from operating activities	21,591,145	357,964,791
II Cash flows from investing activities		
Payments for property, plant and equipment including CWIP & Capital Advances	(124,556,682)	(471,907,261)
Increase in financial instruments with bank	(5,458,019)	-
Decrease in financial instruments with bank	-	51,959,640
Proceeds from sale of property, plant and equipment	44,468,319	35,314,394
Interest received	2,405,049	6,735,755
Net cash outflow from investing activities	(83,141,333)	(377,897,471)

HTL Limited - Financial Statements

(All amounts are in Rs.)

Statement of Cash Flow for the year ended 31st March, 2017

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
III Cash flows from financing activities		
Proceeds/(repayment) of borrowings	114,175,967	64,300,000
Interest paid	(62,274,652)	(75,614,295)
Net cash inflow (outflow) from financing activities	51,901,315	(11,314,295)
IV Net increase (decrease) in cash and cash equivalents	(9,648,873)	(31,246,975)
VI Cash and cash equivalents at the beginning of the financial year	31,631,767	62,878,742
Effects of exchange rate changes on cash and cash equivalents	-	-
VII Cash and cash equivalents at end of the year	21,982,893	31,631,767

Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	March 31, 2017	March 31, 2016
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (note 9)	21,982,893	31,631,767
Bank overdrafts	-	-
Balances per statement of cash flows	21,982,893	31,631,767

As per our report of even date attached

For and on behalf of the Board

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

MAHENDRA NAHATA
Chairman

R. M. KASTIA
Whole Time Director

(Manish Kumar Singhal)
Partner
M.No. 502570

S. NARAYANAN
Company Secretary

C D PONNAPPA
C F O

New Delhi, 27th April, 2017

HTL Limited
Statement of Changes in Equity for the period ended 31st March, 2017

Equity Share Capital

Particulars	Note No.	Amount
As at April 1, 2015	14	150,000,000
Changes in equity share capital		-
As at March 31, 2016	14	150,000,000
Changes in equity share capital		-
As at March 31, 2017	14	150,000,000

Other equity

	Reserves and Surplus				Other Comprehensive Income			Total
	Capital Reserve *	Securities Premium Reserve	Other Reserves	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Remeasurement of defined benefit plans - Other Comprehensive Income		
Balance as at April 1, 2015	1	-	-	(1,190,001,633)	-	-	(1,190,001,632)	
Changes in accounting policy or prior period errors	-	-	-	(9,641,105)	-	-	(9,641,105)	
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	
Total Comprehensive Income for the year	-	-	-	29,190,334	-	4,186,903	33,377,237	
Dividends	-	-	-	-	-	-	-	
Transfer to retained earnings	-	-	-	-	-	-	-	
Any other change (to be specified)	-	-	-	-	-	-	-	
Balance as at March 31, 2016	1	-	-	(1,170,452,404)	-	4,186,903	(1,166,265,500)	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	
Total Comprehensive Income for the year	-	-	-	21,426,988	-	(2,099,277)	19,327,711	
Dividends	-	-	-	-	-	-	-	
Transfer to retained earnings	-	-	-	-	-	-	-	
Any other change (to be specified)	-	-	-	-	-	-	-	
Balance as at March 31, 2017	1	-	-	(1,149,025,416)	-	2,087,626	(1,146,937,789)	

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

As per our report of even date attached

For and on behalf of the Board

For Khandeihal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 27th April, 2017

MAHENDRA NAHATA
Chairman

S. NARAYANAN
Company Secretary

R. M. KASTIA
Whole Time Director

C D PONNAPPA
C F O

New Delhi, 27th April, 2017

Notes to the Standalone Financial Statements for the year ended March 31, 2017 (All amounts are in Rs. unless otherwise stated)

1. Corporate information

HTL Limited ("the Company") had been engaged in manufacture of various types of Digital Electronic Telephone Exchange Equipment for rural and urban networks, Power Plants, Telephone Instruments, Transmission Systems (DCME, MUXs, SDH, Dias), Access Products (WLL- CORdect, HDSL, DLC, PMP) and Data Communication Products (Cross Connects, Data Modems and Internet Products). The Company was a wholly owned undertaking of Government of India ('GOI') under the Department of Telecommunications ('DOT') till 16th October 2001 when the Government divested 74 % of its shareholding in the Company as part of its divestment program, including transfer of management control, to Himachal Futuristic Communications Limited (HFCL), which is now the Holding Company. From 2015-16, the Company has started manufacturing Optical Fibre Cables.

The financial statements are approved for issue by the Company's Board of Directors on April 27, 2017.

2. Application of new and revised Ind -AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

Recent accounting pronouncements :-

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

3.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees and all values are rounded to the nearest to Rupee except where otherwise stated.

3.2. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading, or
- c) Expected to be realised within twelve months after the reporting period other than for (a) above, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in normal operating cycle
- b) It is held primarily for the purpose of trading
- c) It is due to be settled within twelve months after the reporting period other than for (a) above, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.3. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

3. Significant accounting policies

3.1. Basis of preparation

3.1.1. Compliance with Ind AS

In accordance with the notification *dated 16th February, 2015*, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

The Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 49 for details of First-time adoption - mandatory exceptions and optional exemptions availed by the Company.

Up to the year ended March 31, 2016, the Company had prepared the Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Reconciliations and descriptions of the effect of the transition has been summarized in note 31.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)

This hierarchy includes financial instruments measured using quoted prices.

- Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

- a) quoted prices for similar assets or liabilities in active markets.
- b) quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) inputs other than quoted prices that are observable for the asset or liability.
- d) Market – corroborated inputs.

- Level 3

They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

3.4. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

3.5. Property Plant and Equipment

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

For transition to Ind AS, the Company has elected to continue with the carrying value of its Property, Plant and Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of CENVAT) and any cost directly attributable to bring

the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It include professional fees and borrowing costs for qualifying assets.

Significant Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight line method and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the primary period of lease.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of property, plant and equipment are as follows:-

Asset Class	Useful Life
Freehold Buildings*	Factory Building : 20 years Staff Quarters : 40 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	8.33 years for Double Shift operated plant
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles*	5 years
Air Conditioning Plant*	6.67 years
R & D Equipment	10 years
Telephone Exchange (Model)	13 years

*For these classes of assets based on internal assessment and technical evaluation, the management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of Companies Act 2013.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the company will obtain ownership at the end of the lease term.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.6. Intangible Assets

(i) Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

(ii) Intangible assets

➤ Recognition of intangible assets

a. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

➤ De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.7.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. Equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P & L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

De-recognition of financial assets

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L).

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.8. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

3.9. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost Method.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Contract Work in Progress : It is valued at cost
- 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.

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

3.10. Revenue recognition

➤ Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

➤ Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

➤ Rental income

Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the statement of profit and loss.

➤ Insurance Claims

Insurance claims are accounted for as and when admitted by the concerned authority.

3.11. Excise and custom duty

Excise duty payable on production is accounted for on accrual basis. Provision is made in the books of accounts for customs duty on imported items on arrival and lying in bonded warehouse and awaiting clearance.

3.12. Leases

As a lessee

Leases of property, plant and equipment and land where the Company, as lessee, has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to

the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

3.13. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the profit and loss account as income or expense.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortized as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period.

3.14. Employee Benefits

Short term employee benefits:-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-Term employee benefits

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Post-employment obligations

i. Defined contribution plans

Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

ii. Defined benefit

Gratuity plan

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". 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. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

Leave Encashment

The company has provided for the liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above), are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

3.15. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.16. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

3.17. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18. Cenvat Credit

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "short term loans and advances".

3.19. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.20. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Restated Consolidated Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend distribution tax paid on the dividends is recognized consistently with the presentation of the transaction that creates the income tax consequence.

HTL Limited - Financial Statements
(All amounts are in Rs.)
Notes to Financial Statements for the year ended March 31, 2017

Property, Plant and equipment

Costs	Plant and Machinery	Building Freehold	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land Leasehold	Land Freehold	Total
As at April 1, 2015 (Deemed Cost)	438,236,864	44,740,638	15,671,664	7,729,617	20,764,252	4,528,810	243,992	299,473	532,215,310
Additions	406,710,864	90,477,960	-	1,203,479	4,030,232	1,916,121	-	-	504,338,656
Disposals / Adjustments	438,236,864	10,011,960	15,671,664	7,721,479	20,764,252	-	-	-	492,406,219
As at March 31, 2016	406,710,864	125,206,638	-	1,211,617	4,030,232	6,444,931	243,992	299,473	544,147,747
Additions	91,169,415	18,217,896	76,873	232,709	3,211,201	46,500	92,430	336,422	113,383,446
Disposals / Adjustments	39,632,245	-	-	-	-	2,290,685	336,422	-	42,259,352
As at March 31, 2017	458,248,034	143,424,534	76,873	1,444,326	7,241,433	4,200,746	-	635,895	615,271,841
Accumulated depreciation and impairment									
As at March 31, 2015 (Deemed Cost)	416,831,292	39,177,416	15,671,664	7,657,388	20,670,000	2,298,331	-	-	502,306,091
Depreciation for the year	9,350,440	2,480,905	-	58,769	359,252	638,101	-	-	12,887,467
Disposals / Adjustments	417,822,440	9,048,289	15,671,664	7,667,569	20,716,852	-	-	-	470,926,814
As at March 31, 2016	8,359,292	32,610,032	-	48,588	312,400	2,936,432	-	-	44,266,744
Depreciation for the year	47,435,010	5,612,735	14,850	628,742	4,044,863	2,029,893	-	-	59,766,094
Disposals / Adjustments	64,998	-	-	-	-	1,969,053	-	-	2,034,051
As at March 31, 2017	55,729,305	38,222,768	14,850	677,330	4,357,263	2,997,272	-	-	101,998,788
Net Book Value									
As at March 31, 2015 (Deemed Cost)	21,405,572	5,563,221	-	72,229	94,252	2,230,479	243,992	299,473	29,909,219
As at March 31, 2016	398,351,572	92,396,605	-	1,163,029	3,717,832	3,508,499	243,992	299,473	499,881,003
As at March 31, 2017	402,518,729	105,201,766	62,023	766,996	2,884,170	1,203,474	-	635,895	513,273,053

1A : Freehold Land of 2.56 acres

1B : Leasehold land of Hosur 15.09 acres. (Refer Note No. 42(b) of the financial statements)

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. **Significant estimate: Useful life of tangible assets**

The Company has estimated the useful life of the tangible assets based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life taken, depending on technical innovations and competitor actions.

HTL Limited - Financial Statements
(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

5 Capital Works-In-Progress

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Buildings	2,955,781	-	32,431,395
	2,955,781	-	32,431,395

6 Non-Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposits with Bank (Maturity more than 12 months)	45,818,469	40,464,322	51,280,962
Total	45,818,469	40,464,322	51,280,962

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

7 Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories			
Raw Material	179,752,914	94,656,112	650,588
Work-in-progress	14,626,051	15,249,138	-
Finished goods	57,454,192	53,278,236	-
Stores & Spares	698,553	-	-
Total	252,531,710	163,183,486	650,588

8 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables			
(a) Unsecured, considered good;	725,331,695	166,377,092	61,594,238
Total	725,331,695	166,377,092	61,594,238

8.1. Age of receivable:

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Within the credit period			
1- 180 days past due	635,267,205	135,439,903	-
181-365 days past due	90,064,490	30,937,190	61,594,238
More than 365 days past due			
Total	725,331,695	166,377,092	61,594,238

9 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash & Cash Equivalents			
Balance with banks;	1,695,125	31,048,901	17,217,195
Cash on hands;	287,768	368,866	323,547
Fixed Deposits with Bank (Original maturity less than 3 months)	20,000,000	214,000	45,338,000
Total	21,982,893	31,631,767	62,878,742

10 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposits with Bank (Maturity less than 12 months)	100,093,872	99,990,000	141,133,000
Total	100,093,872	99,990,000	141,133,000

IITL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

11 Current Financial Assets -Other Assets

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Other Financial Assets			
A.) Advances other than capital advances;			
a.) Security Deposits			
(i) Unsecured, considered good;	5,631,488	2,642,685	4,706,949
Total	5,631,488	2,642,685	4,706,949

12 Current Tax Assets (Net)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Advance tax/TDS(net of tax)	18,023,941	21,516,780	20,783,524
Total	18,023,941	21,516,780	20,783,524

13 Other Current Assets

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Other Current Assets			
Interest Receivables	4,155,700	-	-
Advances Recoverable in cash or in kind	8,565,971	25,368,217	6,395,799
Balance with Customs, Excise etc.	27,853,523	1,202,293	16,813
Claims Receivable	-	34,700,000	34,700,000
Fixed Asset held for sale	14,028,353	17,314,942	1,374,424
Modvat Receivable	-	10,853,000	-
Other Receivables	16,330,032	-	-
Total	70,933,577	89,438,451	42,487,036

14 (a) Equity Share Capital

Authorized	(In Rupees)	
	No of Shares	Amount
As at April 1, 2015	20,000,000	200,000,000
Increase during the year		
As at March 31, 2016	20,000,000	200,000,000
Increase during the year		
As at March 31, 2017	20,000,000	200,000,000

Issued

Movement in Equity Share Capital		
	No of shares	Equity Share Capital par value
As at April 1, 2015	15,000,000	150,000,000
Add: Shares issued during the year	-	-
As at March 31, 2016	15,000,000	150,000,000
Add: Shares issued during the year	-	-
As at March 31, 2017	15,000,000	150,000,000

Equity Shares

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.

(i) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder		As at March 31, 2017 No. of share held	As at March 31, 2016 No. of share held	As at April 01, 2015 No. of share held
Himachal Futuristic Communications Ltd.		1,110,000	1,110,000	1,110,000
	% of Holding	74.00%	74.00%	74.00%
Govt. of India represented by President of India		389,996	389,996	389,996
	% of Holding	25.99%	25.99%	25.99%

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

Particulars	Number of Shares as at 31st March, 2017	Number of Shares as at 31st March, 2016	Number of Shares as at 01st April, 2015
Number of shares at the beginning	1,500,000	1,500,000	1,500,000
Add: Shares issued during the year	-	-	-
Number of shares at the end	1,500,000	1,500,000	1,500,000

(b) Other Equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	1	1	1
Retained Earnings	(1,146,937,790)	(1,166,265,501)	(1,190,001,633)
	(1,146,937,789)	(1,166,265,500)	(1,190,001,632)

(i) Capital Reserve

	Amount
As at April 1, 2015	1
Increase during the year	-
As at March 31, 2016	1
Increase during the year	-
As at March 31, 2017	1

(ii) Retained Earnings

	As at March 31, 2017	As at March 31, 2016
Opening Balance	(1,166,265,501)	(1,190,001,633)
Changes in accounting policy or prior period errors	-	(9,641,105)
Net profit for the period	21,426,988	29,190,334
<i>Items of Other Comprehensive Income recognised directly in Retained Earnings</i>		
Remeasurement of Defined benefit plans	(2,099,277)	4,186,903
Equity Instruments measured at Fair value	-	-
Closing Balance	(1,146,937,790)	(1,166,265,501)

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

15 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings			
a) Term Loans			
(i) from other parties	62,420,000	-	-
b) Interest Accrued on above	236,887,510	-	-
c) Loans from related parties;	168,000,000	-	-
d) Vehicle loans	-	80,803	306,150
Total	467,307,510	80,803	306,150

Also refer Note No. 44

15.1 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 6 years	624.20	1,965
More than 4 to 6 years	-	300.42
More than 2 to 4 years	-	300.42
June '15	-	37.55
Sep '15	-	37.55
Dec '15	-	37.55
Mar '16	-	37.56
Total	624.20	2,715.88

Also refer Note No. 43(b)

16 Non-Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Others	-	-	-
Advance from related parties	720,000,000	-	-
Total	720,000,000	-	-

Also refer Note No. 44

17 Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions			
a.) Provisions for Employee Benefits	18,315,119	16,620,640	22,058,019
Total	18,315,119	16,620,640	22,058,019

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

18 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings			
a.) Loans repayable on demands			
(i) from Banks*	9,481,967	-	-
(ii) from other parties	100,000,000	130,000,000	175,500,000
c) Loans from related parties;	77,000,000	110,000,000	-
Total	186,481,967	240,000,000	175,500,000

* Secured against Term Deposits of Total Value Rs.186.62 lacs

19 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payables			
Micro, Small & Medium Enterprises	-	-	-
Others	1,218,651,960	721,691,993	250,481,925
Total	1,218,651,960	721,691,993	250,481,925

20 Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retention Money	-	2,034,758	2,034,758
Other Financial Liabilities			
a) Current maturities of long-term debts;	-	62,645,197	62,619,850
d) interest accrued;	33,471,666	281,046,286	325,316,529
Total	33,471,666	345,726,241	389,971,138

21 Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Current Liabilities			
a) Advances from Customers;	87,552,448	720,000,000	625,700,000
b) Others			
Statutory Liabilities	9,357,911	12,054,762	5,088,960
Other liabilities	17,463,550	72,081,287	14,407,112
Total	114,373,908	804,136,048	645,196,073

22 Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for Employee Benefits	3,466,016	3,135,360	4,343,981
Total	3,466,016	3,135,360	4,343,981

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

23 Revenue from operations

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Sale of products	1,954,301,299	306,375,920
Sale of services	60,105,328	-
Total	2,014,406,627	306,375,920

24 Other Income

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Other non-operating income		
Interest Income	6,560,749	6,735,755
Others	-	-
Excess provision written back	31,954,723	32,383,134
Profit on sales of Assets	4,579,440	13,834,889
Recovery of debts, loans & advances earlier written off	6,665,524	29,053,178
Insurance Claim Received	-	37,572,061
Scrap Sales	10,632,933	6,710,618
Rent Received	2,505,555	864,845
Foreign Exchange Fluctuation (Net)	4,427,883	-
Miscellaneous Income	1,278,108	219,030
Total	68,604,916	127,373,510

25 Cost of Material Consumed

	For the years ended March 31, 2017	For the years ended March 31, 2016
Opening Balance	94,657,059	650,588
Add : Purchases during the year	1,764,024,479	470,432,539
	1,858,681,538	471,083,127
Less: Closing Stock	179,752,914	94,657,059
Less: Trf to Modvat Receivables	212,349,471	44,853,901
	1,466,579,153	331,572,167

26 Other Direct Cost

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Consumption of stores and spares parts	6,674,664	138,104
Total	6,674,664	138,104

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

27 Employee benefits expenses

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Salaries, bonus and allowances	161,209,815	26,741,809
Contribution to Provident and other funds	7,310,139	2,236,383
Staff welfare expenses	9,971,393	3,959,047
Total	178,491,346	32,937,240

28 Finance costs / Finance Income (Net)

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Finance Costs:		
Bank Loan Interest	94,015	50,002
Other Interest	48,608,148	30,484,935
Bank Charges	2,885,379	809,115
	51,587,542	31,344,052

29 Other expenses

Particulars	For the years ended March 31, 2017	For the years ended March 31, 2016
Rates and Taxes	8,359,421	1,398,797
Auditors' Remuneration	-	-
Audit Fee	1,000,000	1,145,000
Tax Audit Fee	200,000	229,000
Out of pocket expenses	412,740	112,241
Legal and Professional Charges	7,018,551	2,119,862
Excise Duty	206,571,553	34,041,770
Communication Expenses	851,758	274,648
Travelling and Conveyance Expenses	5,060,994	1,901,426
Power and Fuel & Water Charges	38,978,296	8,272,363
Repairs and Maintenance	16,344,429	1,433,628
Insurance Expenses	1,991,265	690,087
Exchange Fluctuation Loss (Net)	-	1,788,484
Office and General Expenses	-	434,309
Directors Sitting Fees	40,303	35,000
Leasing Charges	542,662	678,604
Vehicles- Running & Maintenance(CAR)	941,095	455,709
Security Charges	6,077,261	2,017,352
Printing and stationery	1,505,823	112,056
Miscellaneous Expenditure	6,143,421	196,316
Total	302,039,572	57,336,651

HTL Limited - Financial Statements

(All amounts are in Rs.)

Notes to Financial Statements for the year ended March 31, 2017

30 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs.	Rs.
Basic & Diluted Earnings per share		
Profit /(Loss) after tax	21,426,988	29,190,334
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	21,426,988	29,190,334
Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	15,000,000	15,000,000
Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	15,000,000	15,000,000
Nominal value of ordinary share	Re.1	Re.1
Earnings per share basic	1.43	1.95
Earnings per share diluted	1.43	1.95

HTL Limited - Financial Statements

31 Reconciliation of IGAAP and Ind AS

a) Reconciliation of Total Equity as previously reported under IGAAP to Ind AS.

		(Amount in Rs.)	
Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
Total equity under previous GAAP		(1,006,624,395)	(1,040,001,632)
Add : Restatement Adjustments - Prior Period Expenses	1	(9,641,105)	
		(1,016,265,500)	
Adjustments:			
Dividends and related distribution tax not recognised as liability until declared under Ind AS		-	-
Zero Coupon Bonds measured at Fair Value		-	-
Security Deposits paid measured at Fair Value		-	-
Total adjustment to equity		-	-
Total equity under Ind AS		(1,016,265,500)	(1,040,001,632)
		(1,016,265,500)	(1,040,001,632)

Note to Reconciliation Statement

1. Under Ind AS, Interest expenses pertaining to previous financial years adjusted.

HTL Limited - Financial Statements

b) Reconciliation of Profits as previously reported under IGAAP to Ind AS.

(Amount in Rs.)

Particulars	Note No.	For the year ended 31.03.2016
Net Profit as per IGAAP		23,736,132
Add : Restatement Adjustment		9,641,105
		33,377,237
Adjustments During the year:		
Impact of Reclassification of Leave encashment expenses	1	(2,288,260)
Impact of Reclassification of Gratuity	1	(1,898,643)
Total adjustment to equity		(4,186,903)
Net Profit as per IND-AS		19,549,229
Other Comprehensive Incomes		
A.) Items that will not be reclassified to profit or loss		
(i) remeasurement of defined benefit plans;	1	4,186,903
(ii) Fair value impact of current investment FVOCI		-
Total of Other Comprehensive Incomes		4,186,903
Total Comprehensive income as per Ind-AS		23,736,132

Note to Reconciliation Statement

1. Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year

HTL Limited - Financial Statements
(All amounts are in Rs.)
c-1) Reconciliation of Equity as at March 31, 2016

Assets	Note No.	31-Mar-16			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets					
(a) Property, Plant and Equipment		499,881,002	-	-	499,881,002
(b) Capital work-in-progress		-	-	-	-
(c) Financial Assets					
(i) Others		40,464,322	-	-	40,464,322
Total non-current assets		540,345,324	-	-	540,345,324
Current Assets					
(a) Inventories		163,183,486	-	-	163,183,486
(b) Financial Assets					
(i) Trade Receivables		166,377,092	-	-	166,377,092
(ii) Cash & cash equivalents		131,621,767	-	(99,990,000)	31,631,767
(iii) Bank balances other than (iii) above		-	-	99,990,000	99,990,000
(iv) Others		2,642,685	-	-	2,642,685
(c) Current Tax Assets (Net)		21,516,780	-	-	21,516,780
(c) Other current assets		89,438,451	-	-	89,438,451
Total current assets		574,780,261	-	-	574,780,261
Total Assets		1,115,125,585	-	-	1,115,125,585
Equity and Liabilities					
	Note No.	31-Mar-16			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity					
(a) Equity Share capital		150,000,000	-	-	150,000,000
(b) Other Equity		(1,166,265,501)	-	-	(1,166,265,501)
Total Equity		(1,016,265,501)	-	-	(1,016,265,501)
Liabilities					
Non-current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		80,803	-	-	80,803
(b) Provisions		16,620,640	-	-	16,620,640
Total non-current liabilities		16,701,443	-	-	16,701,443
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		240,000,000	-	-	240,000,000
(ii) Trade Payables					
(a) total outstanding dues of micro		-	-	-	-
(b) total outstanding dues of creditors other		721,691,993	-	-	721,691,993
(iii) Other financial liabilities		345,726,241	-	-	345,726,241
(b) Other current liabilities		804,136,048	-	-	804,136,048
(c) Provisions		3,135,360	-	-	3,135,360
Total current liabilities		2,114,689,643	-	-	2,114,689,643
Total Liabilities		2,131,391,086	-	-	2,131,391,086
Total equity and liabilities		1,115,125,585	-	-	1,115,125,585

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

HTL Limited - Financial Statements					
(All amounts are in Rs.)					
c-2) Reconciliation of Equity as at March 31, 2015					
Assets	Note No.	31-Mar-15			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets					
(a) Property, Plant and Equipment		29,909,218	-	-	29,909,218
(b) Capital work-in-progress		32,431,395	-	-	32,431,395
(c) Financial Assets					
(i) Others		51,280,962	-	-	51,280,962
Total non-current assets		113,621,575	-	-	113,621,575
Current Assets					
(a) Inventories		650,588	-	-	650,588
(b) Financial Assets					
(i) Trade Receivables		61,594,238	-	-	61,594,238
(ii) Cash & cash equivalents		62,878,742	-	-	62,878,742
(iii) Bank balances other than (iii) above		141,133,000	-	-	141,133,000
(iv) Others		4,706,949	-	-	4,706,949
(c) Current Tax Assets (Net)		20,783,524	-	-	20,783,524
(d) Other current assets		42,487,036	-	-	42,487,036
Total current assets		334,234,076	-	-	334,234,076
Total Assets		447,855,652	-	-	447,855,652
Equity and Liabilities	Note No.	31-Mar-15			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity					
(a) Equity Share capital		150,000,000	-	-	150,000,000
(b) Other Equity		(1,190,001,633)	-	-	(1,190,001,633)
Total Equity		(1,040,001,633)	-	-	(1,040,001,633)
Liabilities					
Non-current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		306,150	-	-	306,150
(b) Provisions		22,058,019	-	-	22,058,019
Total non-current liabilities		22,364,169	-	-	22,364,169
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		175,500,000	-	-	175,500,000
(ii) Trade Payables					
(a) total outstanding dues of micro		-	-	-	-
(b) total outstanding dues of creditors other		250,481,925	-	-	250,481,925
(iii) Other financial liabilities		389,971,138	-	-	389,971,138
(b) Other current liabilities		645,196,073	-	-	645,196,073
(c) Provisions		4,343,981	-	-	4,343,981
Total current liabilities		1,465,493,116	-	-	1,465,493,116
Total Liabilities		1,487,857,285	-	-	1,487,857,285
Total equity and liabilities		447,855,652	-	-	447,855,652

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(All amounts are in Rs.)

d) Reconciliation of Statement of Profit & Loss as at March 31, 2016

Assets	Note No.	31-Mar-16			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Income					
Revenue from Operation	a	272,334,151	-	34,041,770	306,375,920
Other Income		127,373,510	-	-	127,373,510
Total Income		399,707,661	-	34,041,770	433,749,431
Expenses					
Cost of Material Consumed		331,572,167	-	-	331,572,167
Other Direct cost	b	-	-	138,104	138,104
Purchase of goods for resale		-	-	-	-
(Increase) / Decrease in stock		(61,656,484)	-	-	(61,656,484)
Employee benefits expense	c	30,584,768	-	2,352,472	32,937,240
Finance Cost	c	29,509,621	-	1,834,431	31,344,052
Depreciation		12,887,367	-	-	12,887,367
Other Expenses	a, b and d	33,074,090	-	24,262,561	57,336,651
Total Expenses (II)		375,971,529	-	28,587,568	404,559,096
Profit / (loss) before exceptional items and income tax (I-II)		23,736,132	-	5,454,202	29,190,334
Exceptional item (net of tax)		-	-	-	-
Profit / (Loss) before tax (III - IV)		23,736,132	-	5,454,202	29,190,334
Tax expense					
Current tax		-	-	-	-
Deferred Tax		-	-	-	-
Profit/(loss) for the year		23,736,132	-	5,454,202	29,190,334
Other Comprehensive Income					
A.) Items that will not be reclassified to profit or loss					
(i) rereasurement of defined benefit plans;	c	-	-	(4,186,903)	(4,186,903)
B.) Items that will be reclassified to profit or loss;		-	-	-	-
Other comprehensive income for the year after tax		-	-	(4,186,903)	(4,186,903)
Total comprehensive income for the year		23,736,132	-	9,641,105	33,377,237

Note:

- a Revenue from Operation is reclassified including excise duty and according excise duty shown as expenses.
- b Consumption of stores and spares parts which is directly related to production classify as other direct cost.
- c Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year
- d Under Ind AS, Interest expenses pertaining to previous financial years adjusted against retained earning.

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32 Critical accounting estimates and judgments

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

- a. a. Estimation of useful life of tangible asset **Note 4**
- b. b. Estimation of defined benefit obligation **Note 33**
- c. c. Estimation of contingent liabilities refer **Note 35**

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

33 Disclosure as per Ind AS-19 revised-Defined Benefit Plans:

(a) Gratuity

A	Components of Employer expense	31-Mar-17	31-Mar-16
	Service Cost		
1	Current service Cost	1,284,503	831,046
2	Past service cost	-	-
3	Curtailement Cost/(Credit)	-	-
4	Settlement Cost/(Credit)	-	-
5	Total Service Cost	1,284,503	831,046
	Net Interest Cost		
6	Interest Expense on DBO	1,074,466	1,258,097
7	Interest (Income on Plan Asset)	(120,929)	(103,579)
8	Interest (income)on reimbursement rights	-	-
9	Interest expense on effect of {asset ceiling}	-	-
10	Total Net Interest	953,537	1,154,518
11	Immediate Recognition of (Gain)/Losses-Other Long Term Benefits	-	-
12	Cost of Termination Benefits	-	-
13	Administrative Expenses and Taxes	-	-
14	Defined Benefits cost included in P&L	2,238,040	1,985,564
B	Net Asset/(Liability) Recognised in Balance Sheet ~	31-Mar-17	31-Mar-16
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	-	-
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	672,141	(1,876,594)
3	Actuarial (Gain)/ Losses due to Experience on DBO	581,167	(4,269)
4	Return on Plan Assets (Greater) / Less than Discount rate	101,858	(17,780)
5	Return on reimbursement rights (excluding interest income)	-	-

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6	Changes in asset ceiling /onerous liability (excluding interest income)	-	
7	Total actuarial (gain)/loss included in OCI	1,355,166	(1,898,643)
8	Total cost recognised in P&L and OCI (Defined Benefit Cost)	-	
9	Cost Recognised in P&L	2,238,040	1,985,564
10	Remeasurement Effect Recognised in OCI	1,355,166	(1,898,643)
11	Total Defined Benefit Cost	3,593,206	86,921
C	Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-17	31-Mar-16
1	Present value of Benefit Obligation	15,936,674	14,408,945
2	Fair Value of Plan Assets	1,512,016	1,492,945
	Funded status [Surplus/(Deficit)]	(14,424,658)	(12,916,000)
3	Unrecognised Past Service Costs	-	-
4	Net Assets/(Liability)Recognised in balance sheet	(14,424,658)	(12,916,000)
5	Present value of Encashment Obligation	-	-
6	Present value of Availment Obligation	-	-
7	REVISED SCHEDULE III COMPANIES ACT, 2013		
	CURRENT LIABILITY	2,721,925	1,733,084
	NON-CURRENT LIABILITY	11,702,733	11,182,916
D	Change in Obligation over the period ending on	31-Mar-17	31-Mar-16
	Local currency - Rupees		
1	Present Value of Defined Benefits Obligation at Beginning(Opening)	14,409,343	18,057,430
2	Current Service Cost	1,284,503	831,046
3	Interest Cost	1,074,466	1,258,097
4	Plan Amendments	-	-
5	Prior Service Costs	-	-
6	Curtailments	-	-
7	Settlements	-	-
8	Actuarial (Gains)/Loss	1,253,308	(1,880,863)
9	Benefits Paid	(2,288,662)	(3,856,765)
10	Acquisitions/Divestures	-	-
11	Present Value Of Defined Benefits Obligation At the end (Closing)	15,732,958	14,408,945
	Reconciliation of Opening & Closing Values of Plan Assets		
	AS-15 Para 120(e) (i) to (viii)		
1	Fair Value of Plan Assets at the beginning(Opening)	1,492,945	1,277,931
2	Expected Return on Assets	120,929	106,234
3	Employer Contribution	2,288,662	3,856,765
4	Plan Participants Contributions	-	100,000
6	Settlements By Fund Manager	-	-
7	Benefits Pay-outs	(2,288,662)	(3,856,765)
8	Actuarial gain/(Loss)	(101,858)	8,780
9	Fair Value of assets at the End	1,512,016	1,492,945
10	Actual Return on Plan Assets	19,071	115,014
E	Amounts Recognized in Other Comprehensive Income	31-Mar-17	31-Mar-16
1	Opening Unrecognized Losses / (Gains)	(1,892,298)	-
2	Actuarial Loss / (Gain) On DBO	1,457,024	(1,880,863)
3	Actuarial Loss / (Gain) On Assets	101,858	(8,780)
4	Prior Service Cost (Credit)	-	(9,000)
5	Amortization Of Prior Service Cost	-	-
6	Amortization Actuarial Loss /(Gain)	-	-
7	Total Recognised In Other Comprehensive Income	(333,416)	(1,898,643)
F	Reconciliation Of Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-17	31-Mar-16
1	Net Balance sheet Asset/(Liability) Recognised at beginning	(12,916,398)	16,779,897

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2	Amount Recognised In Accumulated Other Comprehensive Income/Loss at the beginning of the period	(1,892,298)	1,985,564
3	(Accrued)/ Prepaid benefit cost(Before adjustment) at beginning of the period	(14,808,696)	18,765,461
4	Net Periodic Benefit (Cost)/Income for the period	(2,238,040)	(1,892,298)
5	Employer Contribution	2,288,662	(3,956,765)
6	Currency Impact	-	-
7	(Accrued)/ Prepaid benefit cost(Before Adj) at end of period	(14,758,074)	12,916,398
8	Amount Recognised In Accumulated Other Comprehensive Income/Loss at the end of the period	(333,416)	-
9	Net Balance Sheet Asset/Liab Recognised at the end of the period	(14,424,658)	12,916,398
G	INFORMATION REQUIRED UNDER IND AS 19	31-Mar-17	31-Mar-16
	Projected Benefit Obligation	15,936,674	-
	Accumulated Benefit Obligation	12,895,031	-
	FIVE YEAR PAYOUTS	-	-
1	2017	-	1,873,464
2	2018	1,715,810	2,945,273
3	2019	266,086	281,076
4	2020	258,138	292,590
5	2021	250,781	308,531
6	2022	371,825	-
	NEXT 5 YEAR PAYOUTS(6-10YRS)	3,484,526	4,356,129
H	Components of Employer expense	31-Mar-17	31-Mar-16
1	Current service Cost	2,177,606	831,046
2	Interest cost	1,042,217	1,154,518
3	Expected return On assets	(112,494)	-
4	Amortization Of Prior Service Costs	-	-
5	Losses / (Gains) On Curtailments & Settlement	-	-
6	Net Actuarial Loss/(Gain)	-	-
7	Amortization of Actuarial Loss/(Gain)	-	-
8	Total Emp. Exp Recognised in the Statement of P & L	3,107,329	1,985,564
I	Assumptions	31-Mar-17	31-Mar-16
1	Discount Rate	7.44%	8.10%
2	Expected Return on Assets	8.10%	8.00%
3	Salary Escalation	3.00%	3.00%
4	Attrition rate	1.00%	1.00%
5	Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate
J	Assets Distribution	31-Mar-17	31-Mar-16
1	Govt Securities(Central&State)	0.00%	0.00%
2	Highquality Corporate Bonds	0.00%	0.00%
3	Equity shares of Listed Cos	0.00%	0.00%
4	Property	0.00%	0.00%
5	Special deposits	0.00%	0.00%
6	Others(PSU)	0.00%	0.00%
7	Assets Under Insurance Schemes	100.00%	100.00%
8	Total	100.00%	100.00%

The present value of DBO are estimated using projected unit credit method.

Discount rate is based on the prevailing market yields of Indian govt securities as at the balance sheet date.

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(b) Leave Encashment

A	Components of Employer expense	31-Mar-17	31-Mar-16
	Service Cost		
1	Current service Cost	1,244,284	565,984
2	Past service cost	-	-
3	Curtailement Cost/(Credit)	-	-
4	Settlement Cost/(Credit)	-	-
5	Total Service Cost	1,244,284	565,984
	Net Interest Cost		
6	Interest Expense on DBO	475,168	682,568
7	Interest (Income on Plan Asset)	-	-
8	Interest (income) on reimbursement rights	-	-
9	Interest expense on effect of (asset ceiling)	-	-
10	Total Net Interest	475,168	682,568
11	Immediate Recognition of (Gain)/Losses-Other Long Term Benefits	-	-
12	Cost of Termination Benefits	-	-
13	Administrative Expenses and Taxes	-	-
14	Defined Benefits cost included in P&L	1,719,452	1,248,552

B	Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-17	31-Mar-16
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	-	-
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	397,972	(2,288,260)
3	Actuarial (Gain)/ Losses due to Experience on DBO	346,139	-
4	Return on Plan Assets (Greater) / Less than Discount rate	-	-
5	Return on reimbursement rights (excluding interest income)	-	-
6	Changes in asset ceiling /onerous liability (excluding interest Income)	-	-
7	Total actuarial (gain)/loss included in OCI	744,111	(2,288,260)
8	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
9	Cost Recognised in P&L	1,719,452	1,248,552
10	Remeasurement Effect Recognised in OCI	744,111	(2,288,260)
11	Total Defined Benefit Cost	2,463,563	(1,039,708)

C	Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-17	31-Mar-16
1	Present value of Benefit Obligation	7,356,476	6,840,000
2	Fair Value of Plan Assets		
	Funded status [Surplus/(Deficit)]	(7,356,476)	(6,840,000)
3	Unrecognised Past Service Costs		
4	Net Assets/(Liability) Recognised in balance sheet	(7,356,476)	(6,840,000)
5	Present value of Encashment Obligation	6,684,582	
6	Present value of Availment Obligation	671,894	
7	REVISED SCHEDULE III COMPANIES ACT, 2013		
	CURRENT LIABILITY	983,497	1,402,276
	NON-CURRENT LIABILITY	6,372,979	5,437,724

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D	Change in Obligation over the period ending on	31-Mar-17	31-Mar-16
Local currency - Rupees			
1	Present Value of Defined Benefits	6,839,624	9,622,781
	Obligation At Beginning(Opening)		
2	Current Service Cost	1,244,284	565,984
3	Interest Cost	475,168	682,568
4	Plan Amendments		
5	Prior Service Costs		
6	Curtailments		
7	Settlements		
8	Actuarial (Gains)/Loss	744,111	(2,288,260)
9	Benefits Paid	(1,946,711)	(1,743,073)
10	Acquisitions/Divestures		
11	Present Value Of Defined Benefits	7,356,476	6,840,000
	Obligation At the end (Closing)		
Reconciliation of Opening & Closing Values of Plan Assets			
AS15 Para 120(e) (i) to (viii)			
1	Fair Value of Plan Assets	-	-
	at the beginning(Opening)	-	-
2	Expected Return on Assets	-	-
3	Employer Contribution	1,946,711	1,743,073
4	Plan Participants Contributions	-	-
6	Settlements By Fund Manager	-	-
7	Benefits Pay-outs	(1,946,711)	(1,743,073)
8	Actuarial gain/(Loss)	-	-
9	Fair Value of assets at the End	-	-
10	Actual Return on Plan Assets	-	-

E	Amounts Recognized in Other Comprehensive Income	31-Mar-17	31-Mar-16
1	Opening Unrecognized Losses / (Gains)		
2	Actuarial Loss / (Gain) On DBO	744,111	(2,288,260)
3	Actuarial Loss / (Gain) On Assets	-	-
4	Prior Service Cost (Credit)	-	-
5	Amortization Of Prior Service Cost	-	-
6	Amortization Actuarial Loss /(Gain)	-	-
7	Total Recognised In Other Comprehensive Income	744,111	(2,288,260)

F	Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-17	31-Mar-16
1	Net Balance sheet Asset/(Liability) Recognised at beginning	(6,839,624)	(9,622,781)
2	Amount Recognised In Accumulated Other Comprehensive Income/Loss at the beginning of the period		
3	(Accrued)/ Prepaid benefit cost(Before adjustment) at beginning the of period	(6,839,624)	(9,622,781)
4	Net Periodic Benefit (Cost)/Income for the period	(1,719,452)	(1,248,552)
5	Employer Contribution	1,946,711	1,743,073
6	Currency Impact		
7	(Accrued)/ Prepaid benefit cost(Before Adj) at end of period	(6,612,365)	(9,128,260)
8	Amount Recognised in Accumulated Other Comprehensive Income/Loss at the end of the period	744,111	(2,288,260)

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9	Net Balance Sheet Asset/Liab Recognised at the end of the period	7,356,476	6,840,000
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G INFORMATION REQUIRED UNDER INDAS 19		31-Mar-17	31-Mar-16
Projected Benefit Obligation		7,356,476	6,840,000
FIVE YEAR PAYOUTS			
1	2017		693,703
2	2018	361,308	1,048,716
3	2019	126,577	122,122
4	2020	123,039	127,465
5	2021	119,716	133,235
6	2022	148,923	
NEXT 5 YEAR PAYOUTS(6-10YRS)		2,163,828	2,227,842

H Components of Employer expense		31-Mar-17	31-Mar-16
1	Current service Cost	1,244,284	565,984
2	Interest cost	475,168	682,568
3	Expected return On assets	-	-
4	Amortization Of Prior Service Costs	-	-
5	Losses / (Gains) On Curtailments & Settlement	-	-
6	Net Actuarial Loss/(Gain)	-	-
7	Amortization of Actuarial Loss/(Gain)	-	-
8	Total Emp. Exp Recognised in the Statement of P & L	1,719,452	1,248,552
I Assumptions		31-Mar-17	31-Mar-16
1	Discount Rate	7.44%	8.10%
2	Expected Return on Assets	0.00%	0.00%
3	Salary Escalation	3.00%	3.00%
4	Attrition rate	1.00%	1.00%
5	Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

J Assets Distribution		31-Mar-17	31-Mar-16
1	Govt Securities(Central&State)	0.00%	0.00%
2	Highquality Corporate Bonds	0.00%	0.00%
3	Equity shares of Listed Cos	0.00%	0.00%
4	Property	0.00%	0.00%
5	Special deposits	0.00%	0.00%
6	Others(PSU)	0.00%	0.00%
7	Assets Under Insurance Schemes	0.00%	0.00%
8	Total	0.00%	0.00%

The present value of DBO are estimated using projected unit credit method.
Discount rate is based on the prevailing market yields of Indian govt securities as at the balance sheet date.

34 Disclosure of Specified Bank Notes (SBNs)

During the year the Company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	501,000	48,316	549,316
(+) Permitted receipts	-	267,306	267,306
(-) Permitted payents	-	208,105	208,105
(-) Amount deposited in Banks	501,000	-	501,000
Closing cash in hand on December 30, 2016	-	107,517	107,517

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

35 Commitments and Contingencies

a. Contingent Liabilities not provided for in respect of :			
	As at March 31, 2017 (Rs in lakh)	As at March 31, 2016 (Rs in lakh)	As at April 01, 2015 (Rs in lakh)
(i) Guarantees given by banks on behalf of the Company	1000.51	147.16	61.00
(ii) Impact of pending litigations not acknowledged as debt in financial Statements	322.88	352.74	354.19

b) Capital Commitment	As at 31.03.2017 Rs. In lakhs	As at 31.03.2016 Rs. In lakhs	As at 01.04.2015 Rs. In lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	435.30	Nil	Nil

- a) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.
- b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- c) As at 31st March, 2017 the Company did not have any outstanding term derivative contracts.

36. Related Party Disclosures

As required under Indian Accounting Standard-24 on "Related Party Disclosures", the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

a. Name of Related Parties and its relationship:

Relationship	Name
Holding Company	Himachal Futuristic Communications Limited (HFCL)
Fellow Subsidiary	Moneta Finance Private Limited
	HFCL Advance Systems Private Limited
	Polixel Securities Systems P.Ltd (w.e.f. 09.08.2016)
Associates of Holding Co.:	HFCL Bezeq Telecom Ltd
Joint Venture of Holding Co.:	Draganwave HFCL India P.Ltd.
Key Managerial Personnels :	Dr. R.M.Kastia, Whole Time Director
	Mr. D.P.Gupta, COO & Manager (Upto 24.06.15)
	Mr.G.S.Naidu, COO & Manager (From 25.06.15)
	Mr. N Thangaraj, Chief Finance Officer (upto 04.07.16)
	Mr. C. D. Ponnappa Chief Finance Officer (from 05.07.16)
	Mr. S Narayanan, Company Secretary

b) Transactions/outstanding balances with Related Parties

(Rs. In Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 01.04.2015
Purchases/receiving of Goods & Materials			
Himachal Futuristic Communications Limited (HFCL)	5788.98	929.23	61.39
Sales/rendering of Goods and Materials			
Himachal Futuristic Communications Limited (HFCL)	2758.66	738.49	-

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Fixed Assets purchased Himachal Futuristic Communications Limited (HFCL)	519.50	169.20	-
Fixed Assets (scrapped)sold Himachal Futuristic Communications Limited (HFCL)	5.00	-	-
Income - Rent /Other expenses Himachal Futuristic Communications Limited (HFCL)	3.14	5.02	4.56
Expenses – recovered Himachal Futuristic Communications Limited (HFCL)	1.84	1.73	1.60
Advances received Himachal Futuristic Communications Limited (HFCL)	-	1100.00	-
Loan received Himachal Futuristic Communications Limited (HFCL)	1350.00	1100.00	-
Interest paid Himachal Futuristic Communications Limited (HFCL)	308.20	5.07	-
Outstanding - Payable (net) Himachal Futuristic Communications Limited - Trade Payable	6352.24	1037.46	646.16
Himachal Futuristic Communications Limited - Advances*	7200.00	7200.00	6257.00
Himachal Futuristic Communications Limited - Loan	2731.95	1104.57	-
Remuneration of Key Management Personnel's # (a) Dr.R.M.Kastia, Whole Time Director	161.64	147.14	154.94
(b) Shri.D.P.Gupta, Chief Operating Officer (Upto 24.06.15)	-	24.72	47.47
(c) Shri.G.S.Naidu, Chief Operating Officer (From 25.06.15)	45.29	31.93	
(d) Shri. N.Thangaraj, Chief Finance Officer	2.99	11.41	0.91
(e) Shri CD Ponnappa, Chief Finance Officer (From 05.07.16)	26.91	-	-
(e) Shri. S Narayanan, Company Secretary	26.59	14.93	13.74

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

For the financial year 2015-16, the remuneration paid to in respect of managerial persons (a), (b) and (c) above has been approved in AGM by a special resolution, and the Company is in the process of obtaining Central Government approval and hence the amount has been shown as recoverable.

37. Segmental Reporting (Ind-AS 108)

a) Primary Segment Information (by Business Segments)

The Company is engaged in the business of manufacture of optical fiber cables and other telecom related products. Thus, it operates in a single primary segment.

b) Secondary Segment Reporting (by Geographical Segments)

The Company caters mainly to the needs of the domestic market and the export turnover being 2.45% (Previous year Nil) of the total turnover of the Company, hence there are no reportable geographical segments.

Revenue of approximately 82% (31/03/2016 - 99%) are derived from three (31.03.2016 - Two) external customer which individually accounted for more than 10%.

38. Financial Instruments by category

Particulars	Mar-17			Mar-16			Apr-15		
	FVT PL	FVT OCI	Amortised Cost	FVT PL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets									
I) Investments									
Bank deposits			45,818,469			40,464,322			51,280,962
II) Trade receivables			725,331,695			166,377,092			61,594,238
III) Cash and Cash equivalents			21,982,893			31,631,767			62,878,742
IV) Other Bank balances			100,093,872			99,990,000			141,133,000
V) Security deposit for utilities and premises			5,631,488			2,642,685			4,706,949
1) Total financial Assets			898,858,417	-	-	341,105,866	-	-	321,593,892
2) Financial liabilities									
I) Borrowings									
A) From Banks			9,481,967			80,803			306,150
B) From Others			644,307,510			240,000,000			175,500,000
II) Trade payables			1,218,651,960			721,691,993			250,481,925
III) Other liabilities			653,471,666			345,726,241			389,971,138
Total Financial liabilities			2,625,913,103	-	-	1,307,499,037	-	-	816,259,212

HTL Limited
Financial Statements for the period ended 31 March, 2017

1. Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and are categorized into Level 1 , Level 2 and Level 3 inputs.

A) Year Ending 31st March 2017

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017	Note No.	Level 1	Level 2	Level 3
<u>Financial Assets</u>				
Total Financial Assets		Nil	Nil	Nil

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2017	Note No.	Level 1	Level 2	Level 3
<u>Financial Assets</u>				
Investments			-	
Bank Deposit	6		45,818,469	
Trade Receivables	8		725,331,695	
Cash and Cash Equivalent	9		21,982,893	
Other Bank Balances	10		100,093,872	
Security deposit for utilities and premises	11		5,631,488	
Total Financial Assets			898,858,417	

Liabilities which are measured at Amortised Cost at 31-03-2017	Note No.	Level 1	Level 2	Level 3
<u>Financial Liabilities</u>				
Borrowing				
a) From Bank	18		9,481,967	
b) From Others	15 & 18		644,307,510	
Trade Payable	19		1,218,651,960	
Other Liabilities	16 & 20		753,471,666	
Total Financial Liabilities			2,625,913,103	

HTL Limited

Financial Statements for the period ended 31 March, 2017

B) Year Ending 31st March 2016

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2016	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Total Financial Assets		Nil	Nil	Nil

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2016	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Bank Deposits	6		40,464,322	
Trade receivables	8		166,377,092	
Cash and Cash equivalents	9		31,631,767	
Other Bank balances	10		99,990,000	
Security deposit for utilities and premises	11		2,642,685	
Total Financial Assets			341,105,866	

Liabilities which are measured at Amortised Cost at 31-03-2016	Note No.	Level 1	Level 2	Level 3
Financial Liabilities				
I) Borrowings				
A) From Banks	15		80,803	
B) From Others	18		240,000,000	
II) Trade payables	19		721,691,993	
III) Other liabilities	20		345,726,241	
Total Financial Liabilities			1,307,499,037	

C) As on 1st April 2015

Financial Assets measured at Fair Value recurring fair Value measurements at 01-04-2015	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Total Financial Assets		Nil	Nil	Nil

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 01-04-2015	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Bank deposits	6		51,280,962	
Trade receivables	8		61,594,238	
Cash and Cash equivalents	9		62,878,742	
Other Bank balances	10		141,133,000	
Security deposit for utilities and premises	11		4,706,949	
Total Financial Assets			321,593,892	
Liabilities which are measured at Amortised Cost at 01-04-2015				
Financial Liabilities				
I) Borrowings				
A) From Banks	15		306,150	
B) From Others	18		175,500,000	
II) Trade payables				
III) Other liabilities				
	20		389,971,138	
			389,971,138	
Total Financial Liabilities			816,259,212	

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of the changes to these assumptions.

39. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company management is responsible for developing and monitoring the Company's risk management policies.

HTL Limited

Financial Statements for the period ended 31 March, 2017

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

Particulars	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
As at 31st March 2017					
Borrowings	15 & 18	653,481,967	186,481,967	467,307,510	653,481,967
Trade payables	19	1,218,651,960	1,218,651,960	-	1,218,651,960
Deposits	-	-	-	-	-
Obligation under finance lease	-	-	-	-	-
Other liabilities	16 & 20	753,471,666	33,471,666	720,000,000	753,471,666
As at 31st March 2016					
Borrowings	15 & 18	240,080,803	240,000,000	80,803	240,080,803
Trade payables	19	721,691,993	721,691,993	-	721,691,993
Deposits	-	-	-	-	-
Obligation under finance lease	-	-	-	-	-
Other liabilities	20	345,726,241	345,726,241	-	345,726,241
As at 01st April 2015					
Borrowings	15 & 18	175,806,150	175,500,000	306,150	175,806,150
Trade payables	19	250,481,925	250,481,925	-	250,481,925
Deposits	-	-	-	-	-
Obligation under finance lease	-	-	-	-	-
Other liabilities	20	389,971,138	389,971,138	-	389,971,138

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
<p>The company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>Equity Price Risk is related to the change in market reference price of the investments in equity securities. The company doesn't hold any equity instruments as on the balance sheet date.</p>	<p>In order to manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio in accordance with the limits set by the risk management policies.</p> <p>The use of any new investment must be approved by the Chief Financial Officer.</p>	<p>The company doesn't hold any equity instruments as on the balance sheet date.</p>
2. INTEREST RATE RISK		
<p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.</p> <p>Company has Fixed deposits with Banks amounting to Rs. 16.39 Cr as at March 31st, 2017 (Rs. 14.07 Cr as at March 31st, 2016)</p> <p>Interest Income earned on fixed deposit for year ended March 31st, 2017 is Rs. 0.63 Cr (Rs.0.67 Cr as at March 31st, 2016)</p>	<p>In order to manage its interest rate risk The Company diversifies its portfolio in accordance with the limits set by the risk management policies.</p>	<p>As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional Rs. 0.04Cr gain for year ended March 31st, 2017 (Rs.0.04 Cr gain for year ended March 31st 2016) in Interest income. A 0.25% decrease in interest rates would have led to an equal but opposite effect.</p>

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. . On account of adoption of IndAS 109 ,the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues .The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 March 2017, the Company had 5 customers (31 March 2016: 3 customers, 1 April 2015: 3 customers) that owed the Group more than INR 63.14 Cr(31 March 2016: 16.49 Cr, 1 April 2015: 6.16 Cr) and accounted for approximately 87.03% (31 March 2016: 99.16%, 1 April 2015:100 %) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017, 31 March 2016 and 01 April 2015 is the carrying amounts as illustrated in Note 8.

HTL Limited

Financial Statements for the period ended 31 March, 2017

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

Particulars	31-Mar-17 INR	31-Mar-16 INR	01-Apr-15 INR
Borrowings Note (15 & 18)	653,789,477	240,080,803	175,806,150
Trade Payables (Note 18)	1,218,651,960	721,691,993	250,481,925
Other Payables (Note 20)	753,471,666	345,726,241	389,971,138
Less : Cash and Cash equivalents (Note 9)	(21,982,893)	(31,631,767)	(62,878,742)
Deposits	-	-	-
Total Debt	2,603,930,210	1,275,867,270	753,380,470
Convertible preference shares	-	-	-
Equity	(996,937,789)	(1,016,265,500)	(1,040,001,632)
Total Capital	(996,937,789)	(1,016,265,500)	(1,040,001,632)
Capital and Total debt	1,606,992,421	259,601,770	(286,621,162)
Gearing ratio	N.A	N.A	N.A

The company is planning to expand in future and thus management is hopeful of bringing the gearing ratio within the industry range.

40. The Company has accumulated losses of Rs.11,469.38 Lakhs (Previous year Rs.11,662.66 Lakhs) as at March 31, 2017, resulting in negative net worth of Rs. 9,969.38 Lakhs (Previous year Rs. 10,162.66 Lakhs). The Company's current liabilities exceed its current assets by Rs. 3,619.16 Lakhs (Previous year Rs. 15399.09 Lakhs) as of that date. Further, the Company has overdue loans from Government of India amounting to Rs.624.20 Lakhs (Previous year: Rs. 624.20 Lakhs) together with interest accrued and due thereon of Rs.2715.88 Lakhs (Previous year: Rs. 2715.88 Lakhs). The net turnover during the period ended 31, March 2017 is Rs. 20144.07 Lakhs (Previous Year: Rs. 3063.76 Lakhs).

The Company has set up a manufacture plant of optical fibre cables and Fiber-to-home cables, and during the year, the Company has achieved Sales Turnover of Rs.18,954.85 Lakhs for OFC Cables (Previous year Rs. 2,663.53 lakhs), Rs.588.17 Lakhs for FRP & IGFR (Previous year Rs. 400.23 lakhs) and Sale of Services amounting to Rs.601.05 Lakhs (Previous Year NIL).The Management is confident for generating the cash flow from the expanded business. In view of above, the financial statements have been prepared on a going concern basis.

41. Loan of Rs. 624.20 Lakhs (Previous year Rs.624.20 Lakhs) together with interest accrued and due thereon of Rs. 2715.88 Lakhs (Previous year Rs. 2715.88 Lakhs) is due to Government of India (GOI). As at March 31, 2017, 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 the request 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. 43(b) below].

42. a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 30.99 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Company are in progress.

b) The Company has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Company from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under Lease cum Sale agreement in 1983. The Estate Officer, SIPCOT issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender the unused portion of land measuring 11.50 acres out of the said land on 13.01.2010. The Company has filed a writ petition before the Hon'ble High Court of Madras against this order and obtained an interim stay on 22.2.2010 and the Court has passed final orders on 16.11.2010 while disposing of the writ filed by the Company with a direction to both the petitioner (HTL) and the respondents (CMD & Project Officer, SIPCOT) to go before the Dispute Resolution Committee for resolving the dispute. The Court also made it clear that the status quo as on date shall be maintained till then. It is open to the petitioner (HTL) to work out their remedy, depending upon the outcome of the proceedings of the Disputes Resolution Committee.

As per the above direction, the Industries Department of Government of Tamilnadu have constituted a Committee with two members from Government, two members representing SIPCOT and three members representing the Company under Chairmanship of the Principal Secretary to Government, Industries Department. The Disputes Resolution Committee has met and could not arrive at a mutually acceptable solution and hence the Company has filed a Writ Petition (WP no: 10532 /2012) before the Honorable High Court of Madras with a prayer to quash the resumption order of SIPCOT Official and to direct SIPCOT to execute and register Sale Deed in favour of the Company.

During the year SIPCOT has executed a registered Sale Deed for 15.09 acres of Land at SIPCOT Industrial Complex, Hosur on 12.05.2016 in favour of the company.

43. (a) The Company has taken unsecured loans from various parties and after repayment, the net amount outstanding as on 31st March, 2017 is Rs. 3450.00 lakhs (Previous Year Rs. 2400.00 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

HTL Limited

Financial Statements for the period ended 31 March, 2017

interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. Pending the reworking of the interest on account of adjustment of EPT compensation of Rs 347 lakhs against the interest portion of outstanding Government of India (GOI) loan in terms of GOI letter dated 2nd December, 2003 and reconciliation of the total interest payable, the Company has not provided for the interest amounting to Rs. 150.21 lakhs during the year. Further, in the financial statements, company has adjusted the said claim receivable against the interest liability due to GOI. The final adjustment for interest, if any, will be done once the reconciliation is agreed upon. [Refer Note 41 above]

44. The Board of Directors of the Company has proposed a right issue of equity shares for Rs. 12,000.00 lakhs in the ratio of equity shares holding i.e 26% by GOI and 74% by Himachal Futuristic Communications Limited (HFCL), Holding Company. It is also proposed that the right issue be funded by way of conversion of outstanding loan alongwith interest due from GOI and advances/ loans extended by HFCL. The Company is in the process of obtaining formal approval from the aforesaid shareholders. Accordingly, loan outstanding from GOI alongwith interest and advances/loan received from HFCL have been shown under Non-Current Financial Liability instead of Current Financial Liability.
45. 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.

46. Deferred Tax

In accordance with Ind AS 12 on 'Income Taxes', 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.

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

Other Notes to Standalone Financial Statements

48. Overall Principles:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

49. First time adoption of Ind AS

The accounting policies set out in Note 3 have been applied in preparing the Financial statements for the year ended March 31, 2017 and 2016,

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date, i.e. April 1, 2015.

A.1 Ind- AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

A.1.2 Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.3 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of financial asset has been based on the facts and circumstances that exist at the date of transition to Ind AS.

As per our report of even date attached

For and on behalf of the Board

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

MAHENDRA NAHATA
Chairman

R. M. KASTIA
Whole Time Director

(Manish Kumar Singhal)
Partner
M.No. 502570

S. NARAYANAN
Company Secretary

C D PONNAPPA
C F O

New Delhi, 27th April, 2017

New Delhi, 27th April, 2017

HTL LIMITED

(CIN: U93090TN1960PLC004355)

Regd. Office: GST Road, Guindy, Chennai-600 032.

Email: coo@htlchennai.com Website: www.htlchennai.com

Phone: 044- 22501020 Fax: 044-22500341.

ATTENDANCE SLIP**56TH ANNUAL GENERAL MEETING
2017**

I/We hereby record my/our presence at the 56th Annual General Meeting of the Company at GST Road, Guindy, Chennai- 600032 on Friday, 4th August, 2017 at 12 Noon.

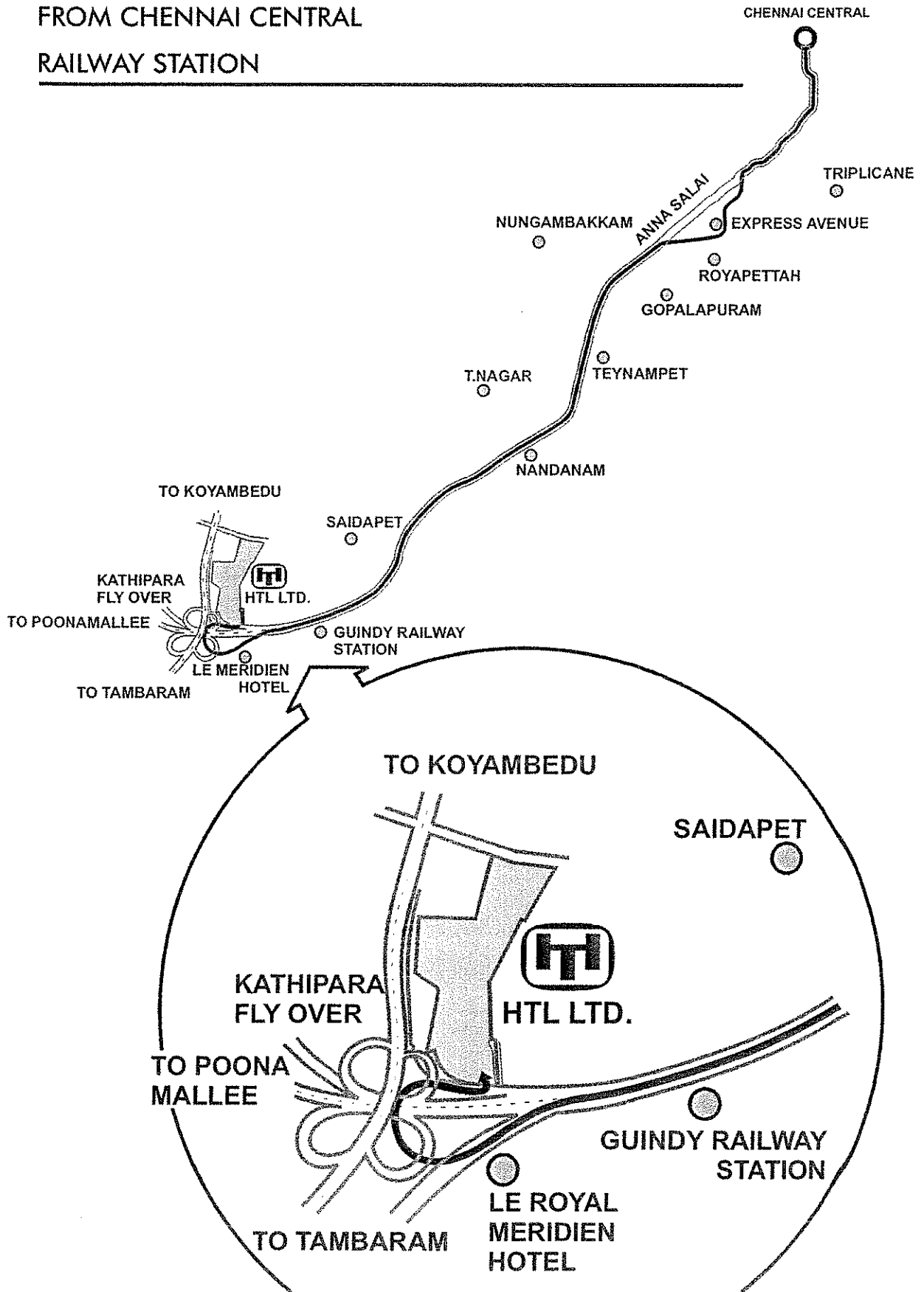
----- Member's Folio	----- Member's/ Proxy's Name	----- Member's / Proxy's Signature
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Note:

1. Please complete the Folio No and name, sign the Attendance Slip and hand it over at the Meeting Hall.
2. Physical copy of the Annual Report for 2017 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode to all members.



ROUTE MAP TO HTL
FROM CHENNAI CENTRAL
RAILWAY STATION



HTL LIMITED**PROXY FORM**

(CIN: U93090TN1960PLC004355)

Regd. Office: GST Road, Guindy, Chennai – 600032. (Tamil Nadu)

Email: coo@htlchennai.com Website: www.htlchennai.com

Phone: 044-22501020 Fax : 044-22500341.

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):	
Registered Address :	
E-mail Id :	
Folio No :	DP-ID / Client-ID*

*Applicable for investors holding shares in electronic form.

I/We being the member(s) holding _____ shares of HTL Ltd., of Rs.100/- each hereby appoint:

- (1) Name: _____ Address: _____
E-Mail Id _____ Signature _____ or failing him:
- (2) Name: _____ Address: _____
E-Mail Id _____ Signature _____ or failing him:
- (3) Name: _____ Address: _____
E-Mail Id _____ Signature _____.

And whose signature(s) are appended in Proxy Form as my / our proxy to attend and vote (on a poll) for me / us and my / our behalf at the 56th Annual General Meeting of the Company, to be held on Friday, 4th August, 2017 at 12 Noon at GST Road, Guindy, Chennai – 600 032 (Tamil Nadu) and at any adjournment thereof in respect of such resolutions as are indicated below;

**I wish my above Proxy to vote in the manner as indicated in the Box below:

Resolution No.	Resolutions	Optional	
		For	Against
Ordinary Business			
1.	Consider and adopt Audited Financial Statements of the Company for the year ended 31 st March, 2017, together with the Reports of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Shri Mahendra Nahata (DIN: 00052898), who retires by rotation.		
3.	Re-appointment of Shri M.P.Shukla (DIN: 00052977), who retires by rotation.		
4.	Appointment of M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), as Auditors and to fix their remuneration.		
Special Business			
5.	Re-appointment & Remuneration of Shri G.S.Naidu, Chief Operating Officer as Manager of the Company (from 25.6.2016 to 24.6.2017).		

Signed this _____ day of _____ 2017.

Affix Revenue Stamp

Signature of Shareholder _____

Signature of Proxy Holder (s) _____

- Notes:** (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the commencement of the Meeting.
- (2) A Proxy need not be a Member of the Company.
- (3) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 55th Annual General Meeting.
- (4) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** (5) This is only optional. Please put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (6) Appointing a Proxy does not prevent a Member from attending the Meeting in person if he so wishes.
- (7) Please complete all details including details of member(s) in above box before submission.