KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE :
GF- 8 & 9, HANS BHAWAN
1, BAHADUR SHAH ZAFAR MARG,
NEW DELHI-110 002

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INDEPENDENT AUDITOR'S REPORT

To the Members of
HTL LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of HTL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KHANDELWAL JAIN & CO. * CHARTERED ACCOUNTANTS * New Delhi

Responsibilities of Management and Those Charged with Governance 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit: We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Due to COVID-19 related lockdown we are not able to physically observe the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in SA 501 "Audit evidence – Specific consideration for selected items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements. Our report on the Statement is not modified 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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.

e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) 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".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements

   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.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Manish Kumar Singhal
Partner
Membership No. 502570
UDIN: 20502570AAAAAW2654

KHANDELWAL NEW DELHI Chartered Accountants

Place: New Delhi
Date: 27th May, 2020

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE :
GF- 8 & 9, HANS BHAWAN
1, BAHADUR SHAH ZAFAR MARG,
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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 2020, 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. 40

(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) In our opinion and according to information and explanation given to us the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loan, making investments, providing guarantees and securities, as applicable.

(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 is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, custom duty, cess and other material statutory dues wherever applicable. According to information and explanation given to us, and as per the records examined by us, no undisputed arrears of statutory dues outstanding as at 31st March, 2020 from the date they became payable.

(b) According to the information and explanations given to us and as certified by the management, there are dues outstanding of income-tax on account of any dispute is as follows:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Rs. in Lakh
The Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	A.Y. 2014-15	4180.51

(viii) Based on our audit procedures and the information and explanations given to us, the company has not paid the dues to government, the dues not paid during the year and/or as on balance sheet date i.e. 31st March, 2020 are as follows:

Loan from Govt. of India — Amount in Rs. Lakhs

Period of due for repayment	Principal	Interest
More than 8 years	624.20	1617.83
More than 6 to 8 years	-	300.42
More than 3 to 6 years	-	450.63
Mar 2019	-	52.52
Mar 2020	-	150.21

As referred in Note 43 of the Financial Statements, the Company proposed a right issue of equity shares be funded by way of conversion of outstanding loan along with interest due from government.

(ix) According to the information and explanations given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) during the year. Based on our examinations of the records and information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained.

(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.

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS New Delhi

(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
UDIN: 20502570AAAAAW2654

Place: New Delhi
Date: 27th May, 2020

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 2020 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.

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

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 2020, 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

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

(Manish Kumar Singhal)
Partner
Membership No. 502570
UDIN: 20502570AAAAAW2654

Place: New Delhi
Date: 27th May, 2020

HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Balance Sheet as on 31st March, 2020

Assets	Note No.	As at March 31, 2020	As at March 31, 2019
Non-current Assets			
(a) Property, Plant and Equipment	4	11,348.89	9,457.21
(b) Intangible Assets	4a	65.81	94.27
(c) Capital work-in-progress	5	218.38	178.32
(d) Financial Assets			
(i) Other Bank Balance	6	580.63	537.37
(e) Deferred tax Assets (Net)	7	320.21	-
(f) Other non-current assets			
(i) Capital Advances		17.45	89.72
Total non-current assets		12,551.37	10,356.89
Current Assets			
(a) Inventories	8	6,986.02	7,036.61
(b) Financial Assets			
(i) Investments	9	10.16	1.02
(ii) Trade Receivables	10	12,944.41	6,319.57
(iii) Cash & cash equivalents	11	208.01	993.71
(iv) Bank balances other than (iii) above	12	660.54	1,121.75
(v) Others	13	243.76	224.16
(c) Current Tax Assets (Net)	14	58.07	48.46
(d) Other current assets	15	567.75	870.21
Total current assets		21,678.72	16,615.49
Total Assets		34,230.09	26,972.38

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS New Delhi

HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Balance Sheet as on 31st March, 2020

Equity and Liabilities	**Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
Equity			
(a) Equity Share capital	16	1,500.00	1,500.00
(b) Other Equity	16	(1,382.70)	(5,307.68)
Total Equity		**117.30**	**(3,807.68)**
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	7,554.87	5,495.59
(ii) Others	18	7,200.00	7,200.00
(b) Provisions	19	378.02	308.05
Total non-current liabilities		**15,132.89**	**13,003.64**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	3,988.75	500.00
(ii) Trade Payables	21		
(a) total outstanding dues of micro enterprises and small enterprises; and		374.42	211.14
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.		10,038.53	14,036.49
(iii) Other financial liabilities	22	3,948.62	2,785.31
(b) Other current liabilities	23	415.90	166.95
(c) Provisions	24	213.68	76.53
Total current liabilities		**18,979.90**	**17,776.42**
Total Liabilities		**34,112.79**	**30,780.06**
Total equity and liabilities		**34,230.09**	**26,972.38**

The Accompanying notes form an integral part of the standalone financial statement.

As per our report of even date attached

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

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

Manish Kumar Singhal
Partner
M.No. 502570

New Delhi, 27th May 2020

For and on behalf of the Board

MAHENDRA NAHATA
Chairman
(DIN: 00052898)

R.M. KASTIA
Director
(DIN: 00053059)

S. NARAYANAN
Company Secretary
M.No ACS5772

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HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Statement of Profit and loss for the year ended 31st March, 2020

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I.	**INCOME**			
	Revenue from operations	25	43,056.37	46,854.05
	Other Income	26	261.01	567.82
	Total Income (I)		**43,317.38**	**47,421.87**
II.	**EXPENSE**			
	Cost of Material Consumed	27	27,114.56	37,158.94
	Other Direct cost	28	433.83	318.55
	Purchases of Stock-in-Trade		3,693.29	300.84
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	27.1	(24.00)	(1,828.71)
	Employee benefits expense	29	2,578.18	1,985.37
	Finance Cost	30	2,371.17	1,318.56
	Depreciation and Amortization expenses	4 & 4a	1,128.24	935.62
	Other Expenses	31	2,396.16	2,482.98
	Total Expenses (II)		**39,691.43**	**42,672.14**
III	**Profit / (loss) before exceptional items and income tax (I-II)**		**3,625.95**	**4,749.73**
IV	Exceptional item (net of tax)		-	-
V	**Profit / (Loss) before tax (III - IV)**		**3,625.95**	**4,749.73**

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Statement of Profit and loss for the year ended 31st March, 2020

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
VI	**Tax expense**			
	Current tax		-	-
	Deferred Tax		320.21	-
VII	Profit/(loss) for the period (V-VI)		**3,946.16**	**4,749.73**
VIII	Other Comprehensive Income			
	A.) Items that will not be reclassified to profit or loss			
	(i) remeasurement of defined benefit plans;		(57.39)	(59.84)
	(ii) Equity Instruments through OCI;		-	-
	B.) Items that will be reclassified to profit or loss;		-	-
	Other comprehensive income for the year after tax (VIII)		**(57.39)**	**(59.84)**
IX	**Total comprehensive income for the year (VII+VIII)**		**3,888.77**	**4,689.89**
	Earnings per share attributable to the equity holders of the Company during the year			
	Basic earnings per share	32	**263.08**	**316.65**
	Diluted earnings per share	32	**263.08**	**316.65**

The Accompanying notes form an integral part of the standalone financial statement.

As per our report of even date attached

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

Manish Kumar Singhal
Partner
M.No. 502570

New Delhi, 27th May 2020

For and on behalf of the Board

MAHENDRA NAHATA
Chairman
(DIN: 00052898)

R. M. KASTIA
Director
(DIN: 00053059)

S. NARAYANAN
Company Secretary
M.No ACS5772

C D PONNAPPA
C F O
PAN: ACZPP1337Q

HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Statement of Cash Flow for the year ended 31st March, 2020

	Particulars	For the year ended March 31,2020	For the year ended March 31,2019
I.	**Cash Flow From Operating Activities**		
	Profit before income tax including OCI	3,888.77	4,689.89
	Adjustments for		
	Depreciation and Amortization expenses	1,128.24	935.62
	Liabilities written Back	(18.30)	(151.51)
	Loss on Sales of Fixed Asset	3.57	-
	Share based payment (refer note no. 44)	36.18	20.44
	Finance costs	2,371.17	1,318.56
	Interest Income	(93.65)	(117.02)
	Net exchange differences	127.00	(195.35)
	Change in operating assets and liabilities		
	(Increase)/Decrease in trade receivables	(6,624.84)	(614.93)
	(Increase)/Decrease in inventories	50.59	(3,747.13)
	Increase/(decrease) in trade payables	(3,961.69)	2,540.62
	(Increase) in other financial assets	(93.64)	(29.36)
	(Increase)/decrease in other current assets	(17.75)	(166.16)
	Increase in other current liabilities	610.65	176.04
	Cash generated from operations	**(2,593.67)**	**4,659.70**
	Income taxes (paid)/refund	(9.61)	(10.62)
	Net cash inflow from operating activities	**(2,603.28)**	**4,649.08**
II	**Cash flows from investing activities**		
	Payment for acquisition of subsidiary, net of cash acquired		
	Payments for property, plant and equipment including CWIP & Capital Advances	(1,975.86)	(3,753.02)
	Sale of Fixed Assets	2.85	-
	(Increase)/decrease in financial instruments with bank	417.95	(862.27)
	Payments for purchase of investments	(9.14)	-
	Proceeds from sale investments	-	3.40
	Interest received	167.68	99.76
	Net cash outflow from investing activities	**(1,396.52)**	**(4,512.13)**

HTL Limited - Financial Statements
(CIN: U93090TN1960PLC004355)
(All amounts are in Rs.Lakhs)
Statement of Cash Flow for the year ended 31st March, 2020

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
III	**Cash flows from financing activities**		
	Proceeds from issues of shares		
	Proceeds of borrowings	6,422.30	-
	(Repayment) of borrowings	(449.80)	(500.00)
	Interest paid	(2,758.40)	(284.02)
	Net cash inflow (outflow) from financing activities	**3,214.10**	**(784.02)**
IV	**Net increase (decrease) in cash and cash equivalents**	**(785.70)**	**(647.08)**
VI	Cash and cash equivalents at the beginning of the financial year	993.71	1,640.79
	Effects of exchange rate changes on cash and cash equivalents	-	-
VII	**Cash and cash equivalents at end of the year**	**208.01**	**993.71**
Reconciliation of cash and cash equivalents as per the cash flow statement			
	Cash and cash equivalents as per above comprise of the following		
	Cash and cash equivalents (Note 11)	208.01	993.71
	Bank overdrafts	-	-
	Balances per statement of cash flows	208.01	993.71

As per our report of even date attached

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

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 27th May 2020

For and on behalf of the Board

MAHENDRA NAHATA
Chairman
(DIN: 00052898)

R. M. KASTIA
Director
(DIN: 00053059)

S. NARAYANAN
Company Secretary
M.No ACS5772

C D PONNAPPA
C F O
PAN: ACZPP1337Q

HTL Limited
(CIN: U93090TN1960PLC004355)
Statement of Changes in Equity for the period ended 31st March, 2020
(All amounts are in Rs.Lakhs)

Equity Share Capital

Particulars	Note No.	Amount
As at March 31, 2018	15	1,500
Changes in equity share capital		-
As at March 31, 2019	15	1,500
Changes in equity share capital		-
As at March 31, 2020	15	1,500

Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income		Total
	Capital Reserve *	Securities Premium Reserve	Other Reserves	Retained Earnings	Share Based Payment	Exchange differences on translating the financial statements of a foreign operation	Remeasurement of defined benefit plans - Other Comprehensive Income	
Balance as at March 31, 2018	0.00	-	-	(10,018.29)	-	-	0.31	(10,017.98)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Share Based Payment to employee (Refer note no 44)	-	-	-	-	20.44	-	-	20.44
Restated balance at the beginning of the reporting period	-	-	-		-	-	-	-
Total Comprehensive Income for the year	-	-	-	4,749.73	-	-	(59.84)	4,689.89
Dividends	-	-	-		-	-	-	-
Transfer to retained earnings	-	-	-		-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	**0.00**	**-**	**-**	**(5,268.56)**	**20.44**	**-**	**(59.53)**	**(5,307.66)**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Share Based Payment to employee (Refer note no. 44)	-	-	-	-	36.18	-	-	36.18
Restated balance at the beginning of the reporting period	-	-	-		-	-	-	-
Total Comprehensive Income for the year	-	-	-	3,946.16	-	-	(57.39)	3,888.77
Dividends	-	-	-		-	-	-	-
Transfer to retained earnings	-	-	-		-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	**0.00**	**-**	**-**	**(1,322.40)**	**56.62**	**-**	**(116.93)**	**(1,382.71)**

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 27th May 2020

KHANDELWAL JAIN & CO.* CHARTERED ACCOUNTANTS New Delhi

For and on behalf of the Board

MAHENDRA NAHATA
Chairman
(DIN: 00052898)

R.M. KASTIA
Director
(DIN: 00053059)

S. NARAYANAN
Company Secretary
M.No ACS5772

C D PONNAPPA
C F O
PAN: ACZPP1337Q

HTL Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts are in Rs. Lakh 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 HFCL Limited, 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 May 27, 2020.

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:-

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

3. **Significant accounting policies**

3.1. Basis of preparation

3.1.1. Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time

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 Lakhs except where otherwise stated.

3.1.3. Use of Estimates and Judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected

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.

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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.

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.

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3.5. Property Plant and Equipment

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

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) Intangible assets

- **Recognition of intangible assets**

a. <u>Computer software</u>

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.

- **Amortisation periods and methods**

Intangible assets are amortised on straight line basis over a period ranging between 2-5 years which equates its economic useful life.

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.

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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.

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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.

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

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS

3.7.2 Financial liabilities

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

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.

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

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**

The company recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

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Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

- **Interest income**

  Revenue is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Interest income is included under the head "other income" in the statement of profit and loss..

- **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

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i. the contract involves the use of an identified asset
ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
iii. the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition to Ind AS 116

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 - 'Leases'. This standard is effective from 1st April, 2019. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

The lease expenses, which were recognised as a single amount (operating expenses), will consist of two elements: depreciation and interest expenses. The standard has become effective from 2019 and the Company has assessed no impact of application of Ind AS 116 on Company's financial statements.

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.

Effective April 1, 2018 the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was Nil.

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.

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS New Delhi

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 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.

Iii **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. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.16. 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.

3.17. 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.

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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.

3.18. 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.

3.19. GST/Cenvat Credit

The GST/CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST/CENVAT credit is shown under the head "Other Current Assets".

3.20. 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.

3.21. 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

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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.

3.22. Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

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4 **Property, Plant and equipment**

Costs	Plant and Machinery	Building Freehold	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land Freehold	Total
As at March 31, 2018 (Gross Carrying Value)	5,376.86	1,963.47	-	1.58	27.65	89.47	65.59	6.36	7,530.98
Additions	3,686.62	651.69	89.35	22.12	12.53	35.65	-	-	4,497.96
Disposals / Adjustments									-
As at March 31, 2019	9,063.48	2,615.16	89.35	23.70	40.19	125.12	65.59	6.36	12,028.94
Additions	2,342.95	358.98	247.78	12.19	18.21	13.89	-	-	2,994.00
Disposals / Adjustments	9.96	-	-	-	-	-	-	-	9.96
As at March 31, 2020	11,396.46	2,974.14	337.13	35.89	58.40	139.01	65.59	6.36	15,012.98
Accumulated depreciation and impairment	**Plant and Machinery**	**Building Freehold**	**Electrical Installations**	**Furniture and Fixtures**	**Office Equipments**	**Computers**	**Vehicles**	**Land Freehold**	**Total**
As at March 31, 2018 (Gross Carrying Value)	1,118.01	451.74	-	0.47	13.88	71.95	44.48	-	1,700.53
Depreciation for the year	739.86	93.82	3.09	2.29	7.98	15.67	8.49	-	871.20
Disposals / Adjustments									-
As at March 31, 2019	1,857.87	545.56	3.09	2.76	21.87	87.62	52.96	-	2,571.73
Depreciation for the year	864.98	130.29	50.53	7.76	13.08	24.55	4.72		1,095.91
Disposals / Adjustments	3.55								3.55
As at March 31, 2020	2,719.30	675.85	53.62	10.52	34.95	112.17	57.68	-	3,664.09
Net Book Value	**Plant and Machinery**	**Building Freehold**	**Electrical Installations**	**Furniture and Fixtures**	**Office Equipments**	**Computers**	**Vehicles**	**Land Freehold**	**Total**
As at March 31, 2019	7,205.61	2,069.60	86.26	20.94	18.32	37.50	12.63	6.36	9,457.21
As at March 31, 2020	8,677.16	2,298.29	283.51	25.37	23.45	26.84	7.91	6.36	11,348.89

1: **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.

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4a **Intangible Asset**

Costs	Intangible Asset	Total
As at March 31, 2018 (Gross Carrying Value)	-	-
Additions	158.69	158.69
Disposals / Adjustments		-
As at March 31, 2019	158.69	158.69
Additions	3.87	3.87
Disposals / Adjustments		-
As at March 31, 2020	162.56	162.56
Accumulated depreciation and impairment	**Intangible Asset**	**Total**
As at March 31, 2018 (Gross Carrying Value)	-	-
Depreciation for the year	64.42	64.42
Disposals / Adjustments		-
As at March 31, 2019	64.42	64.42
Depreciation for the year	32.33	32.33
Disposals / Adjustments		
As at March 31, 2020	96.74	96.75
Net Book Value	**Intangible Asset**	**Total**
As at March 31, 2019	94.27	94.27
As at March 31, 2020	65.82	65.81

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5 **Capital Works-In-Progress**

Particulars	As at March 31, 2020	As at March 31, 2019
Buildings	56.88	25.45
Plant & Machinery	161.50	152.87
	218.38	**178.32**

6 **Non-Current Financial Assets - Other Bank Balances**

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Bank (Maturity more than 12 months)*	580.63	537.37
Total	**580.63**	**537.37**

*Above fixed deposit held as margin money/securities with banks.

7 **Deferred Tax Assets**

Particulars	As at March 31, 2020	As at March 31, 2019
A.Deferred Tax Assets		
Related to Brought forward losses and unabsorbed Depreciation	501.53	-
Others	139.27	-
	640.80	-
B. Deferred Tax Liabilities	-	
Related to Depreciation on Fixed Assets and Amortisation	961.01	-
Others	-	-
Total	**320.21**	-

8 **Inventories**

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories		
Raw Material	4,119.14	4,283.93
Work-in-progress	913.12	1,075.74
Finished goods	1,652.99	1,396.13
Stock-in-trade Goods	66.48	136.71
Stores & Spares	234.29	144.10
Total	**6,986.02**	**7,036.61**

9 **Current Financial Assets - Investments**

Particulars	As at March 31, 2020	As at March 31, 2019
Investments		
Investments in Equity shares	10.16	1.02
Total	**10.16**	**1.02**

Current Financial Assets - investments

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Financial assets measured at FVTOCI				
(a) Investment in equity instruments				
Unquoted Equity Shares (Fully Paid up)				
(i) NSL Wind Power Company (Phoolwadi) Private Limited - Face Value Rs. 10/- per share	1,01,595	10.16	10,195	1.02
Total Investment FVTOCI		**10.16**		**1.02**
Total Current Financial Investments		**10.16**		**1.02**

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10 **Current Financial Assets - Trade Receivables**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables	12,944.41	6,319.57
Trade Receivables which have significant increase in credit risk		
Trade Receivables - Credit Impaired		
	12,944.41	6,319.57
Less: Provisions for Doubtful Receivables	-	-
Total	**12,944.41**	**6,319.57**
Break-up of security details		
(a) Secured, considered good;		
(a) Unsecured, considered good;	12,944.41	6,319.57
(c) Doubtful		
	12,944.41	6,319.57
Less: Provisions for Doubtful Receivables		
Total	**12,944.41**	**6,319.57**

10.1. Expected credit loss for Trade Receivables:

Ageing	Gross Carrying Amount	Expected loss rate	Expected credit loss (Provision)	Carrying amount of Trade receivables
Not Due	9,344.47	-	-	9,344.47
0-180 days past due	3,114.95	-	-	3,114.95
181-365 days past due	313.69	-	-	313.69
More than 365 days past due	171.31	-	-	171.31
Total	**12,944.41**	-	-	**12,944.41**

10.2 The credit period towards trade receivables generally ranges between 30 to 120 days. General payment terms includes process time with the respective customers between 30 to 60 days and certain retention money to be released at the end of the delivery completion.

10.3 In determining the allowance for trade receivables the Company has used practical expedients based on financial condition of the customers, ageing of the customer receivables and over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are Government and large Corporate organisations though there may be normal delays in collections.

11 **Current Financial Assets - Cash & cash equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & Cash Equivalents		
Balance with banks;	207.78	681.38
Cheques, drafts on hand;	-	-
Cash on hands;	0.23	1.33
Fixed Deposits with Bank (Original maturity less than 3 months)		311.00
Total	**208.01**	**993.71**

12 **Current Financial Assets - Other Bank Balances**

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Bank (Maturity less than 12 months) *	660.54	1,121.75
Total	**660.54**	**1,121.75**

*Above fixed deposit held as margin money/securities with banks.

13 **Current Financial Assets -Other Assets**

Particulars	As at March 31, 2020	As at March 31, 2019
Other Financial Assets		
A) Advances other than capital advances;		
a.) Security Deposits		
(i) Unsecured, considered good;	214.86	121.23
B) Interest Receivables	28.89	102.93
Total	**243.76**	**224.16**

14 **Current Tax Assets (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
Advance tax/TDS(net of tax)	58.07	48.46
Total	**58.07**	**48.46**

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15 **Other Current Assets**

Particulars	As at March 31, 2020	As at March 31, 2019
Other Current Assets		
Advances Recoverable in cash or in kind	217.61	565.83
Balance with GST, Custom, Excise etc.	104.15	126.25
Prepaid Expenses	80.13	18.12
Other Receivables	165.85	160.01
Total	567.75	870.21

16 **(a) Equity Share Capital**

Authorized

Particulars	No of Shares	Amount
As at March 31, 2018	20,00,000	2,000
Increase during the year		
As at March 31, 2019	20,00,000	2,000
Increase during the year		
As at March 31, 2020	20,00,000	2,000

Issued
Movement in Equity Share Capital

Particulars	No of shares	Amount
As at March 31, 2018	**15,00,000**	1,500
Add: Shares issued during the year	-	
As at March 31, 2019	**15,00,000**	1,500
Add: Shares issued during the year		
As at March 31, 2020	**15,00,000**	1,500

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 alloted 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, HFCL Ltd..

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

Name of Shareholder		As at March 31, 2020 No. of share held	As at March 31, 2019 No. of share held
HFCL Ltd.		11,10,000	11,10,000
	% of Holding	74%	74%
Govt. of India represented by President of India		3,89,996	3,89,996
	% of Holding	26%	26%

ii) The reconciliation of the number of shares outstanding as at 31st March,2020 is set out below:

Particulars	Number of Shares as at 31st March, 2020	Number of Shares as at 31st March, 2019
Number of shares at the beginning	15,00,000	15,00,000
Add: Shares issued during the year		
Number of shares at the end	15,00,000	15,00,000

(b) Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	0.00	0.00
Retained Earnings	-1,322.40	-5,268.56
Other Comprehensive Income	-116.92	-59.53
Share based payment to Employees *	56.62	20.44
Total	**-1,382.70**	**-5,307.65**

*Share based Payment related to ESOPs and RSU's granted by the holding company to the employees of HTL (Ref Note No.44)

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(i) Capital Reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	0.00	0.00
Increase during the year	-	-
Decrease during the year	-	-
Closing	**0.00**	**0.00**

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

(ii) Retained Earnings

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	-5,268.56	-10,018.29
Add; Net profit for the period	3,946.16	4,749.73
Closing	-1,322.40	-5,268.56

(iii) Other Comprehensive Income -Remeasurementf defined benefiplans

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	-59.53	0.31
Increase during the year	-57.39	-59.84
Decrease during the year	-	
Closing	**-116.92**	**-59.53**

(iv) Share based payment

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	20.44	-
Increase during the year	36.18	20.44
Closing Balance	56.62	20.44

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17 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31,2020	As at March 31,2019
Borrowings		
a) Term Loans		
(i) from Banks (Secured) *	1,909.07	-
(ii) from other parties	624.20	624.20
b) Interest Accrued on above	2,571.60	2,421.39
c) Loans from related parties;	2,450.00	2,450.00
Total	**7,554.87**	**5,495.59**

Also refer Note No. 43

17.1 The amount due for repayment by Company in respect to the repayments of Principal and Interest as under:

Loan from Govt. of India

Period of due for repayment	Principal	Interest
More than 8 years	624.20	1,617.83
More than 6 to 8 years	-	300.42
More than 3 to 6 years	-	450.63
Mar-19	-	52.52
Mar-20		150.21
Total	**624.20**	**2,571.61**

Also refer Note No. 42

17.2 Repayment Schedule for Loan from Bank

Period of due for repayment	Principal
2020-21	574.69
2021-22	580.13
2022-23	586.27
2023-24	593.19
2024-25	149.48
Total	**2,483.76**

17.3 Term Loan from Bank is availed at a interest rate of 1.35% Over and above the Bank's yearly MCLR which is presently 9.70%, making the interest rate of 11.05% p.a . Term loan is repayable in 20 equal quarterly installment beginning at the end of three months from the disbursement. This loan is secured against :

1.) Exclusive charge on all Fixed Assets and Moveable Fixed Assets of HTL Limited (both present and future)
2.) Exclusive Charge through Registered Mortgage of 2.5 acres Industrial land parcel in Guindy, Chennai and 15 acres Industrial land parcel in Hosur, Tamilnadu
3.) Exclusive Charge on all current assets of HTL Limited (both present & future)
4.) Exclusive Charge on all Cash Flows of HTL Limited
5) Corporate Guarantee of HFCL Limited (Holding Company) & M/s MN Ventures Private Limited remain to be valid during the tenur of the facillity
6.) Personal Guarantee of One of the Director of the Company

17.4 Loan received from GOI carry a interest rate of 11.5% to 15%

17.5 Loan received from Related party carry a interest rate of 11.5%

18 Non-Current Financial Liabilities - Other Liabilities

Particulars	As at March 31,2020	As at March 31,2019
Others		
Advance from related parties	7,200.00	7,200.00
Total	**7,200.00**	**7,200.00**

Also refer Note No. 43

19 Provisions

Particulars	As at March 31,2020	As at March 31,2019
Provisions		
a.) Provisions for Employee Benefits	378.02	308.05
b.) Provisions - Others		-
Total	**378.02**	**308.05**

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20 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Short Term Borrowings		
Loan repayable on Demand		
Secured		
(i) from Banks-Working Capital	3,488.75	-
Unsecured		
(i) from other parties	500.00	500.00
Total	**3,988.75**	**500.00**

20.1 Working Capital Loan from Bank is availed at an interest rate of 1.50% Over and above the Bank's 6 monthly MCLR which is presently 9.40%, making the interest rate of 10.90% p.a . The initial tenur is 12 months which is subject to renewal by bank every year. This loan is secured against :
1.) Exclusive charge on all Fixed Assets and Moveable Fixed Assets of HTL Limited (both present and future)
2.) Exclusive Charge through Registered Mortgage of 2.5 acres Industrial land parcel in Guindy, Chennai and 15 acres Industrial land parcel in Hosur, Tamilnadu
3.) Exclusive Charge on all current assets of HTL Limited (both present & future)
4.) Exclusive Charge on all Cash Flows of HTL Limited
5) Corporate Guarantee of HFCL Limited (Holding Company) & M/s MN Ventures Private Limited remain to be valid during the tenur of the facillity
6.) Personal Guarantee of One of the Director of the Company
20.2 Loan received from other party carry interest rate of 12%

21 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises; and (refer note no. 46)	374.42	211.14
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.	10,038.53	14,036.49
Total	**10,412.95**	**14,247.63**

22 Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Other Financial Liabilities		
a.) Current Maturity on Long term loan	574.69	-
b) Interest accrued but not due;		
-Interest on Term loan	24.78	-
-Interest on Working Capital Loan	36.16	-
-Interest on Related party loan	985.81	1,587.53
-Interest on others	49.50	46.17
c) Creditors for Capital goods	1,975.20	985.40
d) Other Employees Related liabities	203.65	153.61
e) Expenses Payable	98.82	12.60
Total	**3,948.62**	**2,785.31**

23 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Other Current Liabilities		
a) Advances from Customers;	32.32	22.94
b) Others		
Statutory Liabilities	377.17	121.40
Other liabilities	6.42	22.62
Total	**415.90**	**166.95**

24 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions		
Provisions for Employee Benefits	20.54	13.25
Provisions - Others	193.13	63.28
Total	**213.68**	**76.53**

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25 Revenue from operations

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Sale and Services		
-Manufacturing and trading activities	42,949.10	46,761.38
-Service Income	5.30	6.23
Other Operating Revenues		
-Scrap Sale	37.74	55.38
-Export Incentives	8.21	31.06
-Discount from Vendors	56.02	-
Total	**43,056.37**	**46,854.05**

26 Other Income

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Other non-operating income		
Interest Income	93.65	117.02
Others		-
Interest on Income Tax Refund	-	1.70
Excess provision written back	18.30	151.51
Scrap Sales	-	2.26
Rent Received	76.15	44.32
Foreign Exchange Fluctuation (Net Income)	-	195.35
Miscellaneous Income	72.91	55.67
Total	**261.01**	**567.82**

27 Cost of Material Consumed

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Opening Balance	4,283.93	2,495.06
Add : Purchases during the year	26,949.78	38,947.82
	31,233.71	41,442.87
Less: Closing Stock	4,119.14	4,283.93
	27,114.56	**37,158.94**

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27.1 Change in inventories of finished goods, work-in progress and stock-in trade-goods

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Closing Stock		
Finished Goods	1,652.99	1,396.13
Stock in Trade- Goods	66.48	136.71
Works in progress	913.12	1,075.74
	2,632.58	**2,608.59**
Opening Stock		
Finished Goods	1,396.13	244.59
Stock in Trade- Goods	136.71	-
Works in progress	1,075.74	535.28
	2,608.59	779.88
Net Changes (Opening -Closing)	**-24.00**	**-1,828.71**

28 Other Direct Cost

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Consumption of stores and spares parts	433.83	318.55
Total	**433.83**	**318.55**

29 Employee benefits expenses

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Salaries, bonus and allowances	2,370.77	1,826.60
Contribution to Provident and other funds	118.41	95.82
Staff welfare expenses	89.00	62.95
Total	**2,578.18**	**1,985.37**

30 Finance costs

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Finance Costs:		
Bank Loan Interest	567.99	0.26
Interest on other loans	1,300.56	1,279.82
Other Interest	159.94	0.56
Bank Charges	342.67	37.93
Total	**2,371.17**	**1,318.56**

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31 Other expenses

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Rent of machinery	0.54	7.52
Rates and Taxes	238.82	74.57
Auditors' Remuneration		-
Audit Fee	10.00	10.00
Tax Audit Fee	4.00	6.00
Other Services	1.10	
Out of pocket expenses	5.60	2.59
Legal and Professional Charges	170.43	282.14
Loss on Sale of Fixed Assets	3.57	-
Communication Expenses	6.99	6.96
Travelling and Conveyance Expenses	91.57	83.51
Power and Fuel & Water Charges	772.77	697.93
Repairs and Maintenance	78.43	132.08
Insurance Expenses	64.53	30.58
Office and General Expenses	17.25	29.72
Bad debts, Loans and Advances, other balances written off (net)	19.52	65.90
Directors Sitting Fees	0.60	0.73
Leasing Charges	-	-
Liquidated Damages on Sales	79.12	598.32
Vehicles- Running & Maintenance(CAR)	6.30	3.15
Security Charges	68.35	74.11
Printing and stationery	22.53	22.18
Selling and Distribution Expenses	507.82	254.69
Foreign Exchange Fluctuation (Net Loss)	127.00	-
Miscellaneous Expenditure	99.33	100.31
Total	**2,396.16**	**2,482.98**

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic & Diluted Earnings per share	Rs.	Rs.
Profit /(Loss) after tax	3,946	4,750
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	**3,946**	**4,750**
Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	15,00,000	15,00,000
Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	15,00,000	15,00,000
Nominal value of ordinary share	Rs.100	Rs. 100
Earnings per share basic	**263.08**	**316.65**
Earnings per share diluted	**263.08**	**316.65**

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33 **Critical accounting estimates and judgments**

The preparation of 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:
1. Estimation of useful life of tangible asset Note 4
2. Estimation of useful life of intangible asset Note 4a
3. Estimation of defined benefit obligation Note 34
4. Estimation of contingent liabilities refer Note 35
5. Estimation of fair value of unlisted securities Note 38

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.

34 During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" issued by the ICAI :

Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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 and the obligation for leave encashment is recognised in the same manner as gratuity.

		Gratuity		Leave Encashment	
A	**Components of Employer expense**	**31-Mar-20**	**31-Mar-19**	**31-Mar-20**	**31-Mar-19**
	Service Cost				
1	Current service Cost	21.67	15.66	16.22	15.45
2	Past service cost	-	-	-	-
3	Curtailment Cost/(Credit)	-	-	-	-
4	Settlement Cost/(Credit)	-	-	-	-
5	**Total Service Cost**	**21.67**	**15.66**	**16.22**	**15.45**
	Net Interest Cost				
6	Interest Expense on DBO	13.45	12.03	7.05	5.22
7	Interest (Income on Plan Asset)	-	-	-	-
8	Interest (income)on reimbursement rights	-	-	-	-
9	Interest expense on effect of (asset ceiling)	-	-	-	-
10	**Total Net Interest**	**13.45**	**12.03**	**7.05**	**5.22**
11	Immediate Recognition of (Gain)/Losses0Other Long Term Benefits	-	-	-	-
12	Cost of Termination Benefits	-	-	-	-
13	Administrative Expenses and Taxes	-	-	-	-
14	**Defined Benefits cost included in P&L**	**35.12**	**27.70**	**23.27**	**20.66**

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B	Net Asset/(Liability) Recognised in Balance Sheet –	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	3.66	-	-	-
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(15.53)	25.15	(8.50)	24.98
3	Actuarial (Gain)/ Losses due to Experience on DBO	65.47	1.84	12.30	7.87
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**	**53.60**	**26.99**	**3.79**	**32.85**
8	**Total cost recognised in P&L and OCI (Defined Benefit Cost)**	-	-	-	-
9	Cost Recognised in P&L	35.12	27.70	23.27	20.66
10	Remeasurement Effect Recognised in OCI	53.60	26.99	3.79	32.85
11	**Total Defined Benefit Cost**	**88.72**	**54.69**	**27.06**	**53.52**

C	Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Present value of Funded Obligation	-	-	-	-
2	Fair Value of Plan Assets	-	-	-	-
3	Present value of Unfunded obligation	275.66	209.15	122.60	112.15
	Funded status [Surplus/(Deficit)]	(275.66)	(209.15)	(122.60)	(112.15)
4	Unrecognised Past Service Costs	-	-	-	-
5	**Net Assets/(Liability)Recognised in balance sheet**	(275.66)	(209.15)	(122.60)	(112.15)
6	Present value of Encashment Obligation	-	-	107.80	103.52
7	Present value of Availment Obligation	-	-	14.80	8.63
8	**REVISED SCHEDULE III COMPANIES ACT, 2013**	-	-	-	-
	CURRENT LIABILITY	4.11	3.47	16.14	9.79
	NON-CURRENT LIABILITY	271.55	205.69	106.46	102.36

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D	Change in Obligation over the period ending on	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Present Value of Defined Benefits Obligation at Beginning(Opening)	209.15	154.47	112.15	75.35
2	Current Service Cost	21.67	15.66	16.22	15.45
3	Interest Cost	13.45	12.03	7.05	5.22
4	Plan Amendments	-	-	-	-
5	Prior Service Costs	-	-	-	-
6	Curtailments	-	-	-	-
7	Settlements	-	-	-	-
8	Actuarial (Gains)/Loss	53.60	26.99	3.79	32.85
9	Benefits Paid	(22.21)	-	(16.60)	(16.72)
10	Acquisitions/Divestures	-	-	-	-
11	Present Value Of Defined Benefits Obligation At the end (Closing)	275.66	209.15	122.60	112.15
	Reconciliation of Opening & Closing Values of Plan Assets	-	-	-	-
	AS015 Para 120(e) (i) to (viii)	-	-	-	-
1	Fair Value of Plan Assets at the beginning(Opening)	-	-	-	-
2	Expected Return on Assets	-	-	-	-
3	Employer Contribution	-	-	16.60	16.72
4	Plan Participants Contributions	-	-	-	-
6	Settlements By Fund Manager	-	-	-	-
7	Benefits Payouts	(22.21)	-	(16.60)	(16.72)
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-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Opening cumulative other comprehensive Income	35.03	8.05	64.60	31.75
2	Actuarial Loss / (Gain) On DBO	53.60	26.99	3.79	32.85
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**	**88.64**	**35.03**	**68.39**	**64.60**

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F	Reconciliation Of Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Net Balance sheet Asset/(Liability) Recognised at beginning	(209.15)	(154.47)	(112.15)	(75.35)
2	Amount Recognised In Accumulated Other Comprehensive Income/Loss at the beginning of the period	(35.03)	(8.05)	(64.60)	(31.75)
3	(Accrued)/ Prepaid benefit cost(Before adjustment) at beginning the of period	(174.12)	(146.42)	(47.54)	(43.59)
4	Net Periodic Benefit (Cost)/income for the period	(35.12)	(27.70)	(23.27)	(20.66)
5	Employer Contribution	-	-	16.60	16.72
6	Employers Direct Benefits Payments	22.21	-	-	-
7	(Accrued)/ Prepaid benefit cost(Before Adj) at end of period	(187.02)	(174.12)	(54.21)	(47.54)
8	Amount Recognised In Accumulated Other Comprehensive Income/Loss at end of the period	(88.64)	(35.03)	(68.39)	(64.60)
9	**Net Balance Sheet Asset/Liab Recognised at the end of the period**	(275.66)	(209.15)	(122.60)	(112.15)

G	INFORMATION REQUIRED UNDER IND AS 19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Projected Benefit Obligation	275.66	209.15	122.60	112.15
	Accumulated Benefit Obligation	186.16	115.85	-	-
	FIVE YEAR PAYOUTS				
1	2020	-	3.47	-	9.79
2	2021	4.11	3.47	2.02	1.71
3	2022	9.84	7.53	5.35	4.89
4	2023	4.10	3.44	1.99	1.64
5	2024	4.77	3.87	2.01	1.80
6	2025	4.19	-	2.04	-
7	NEXT 5 YEAR PAYOUTS(6-10YRS)	137.68	106.20	57.68	51.89

H	Components of Employer expense	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Current service Cost	21.67	15.66	16.22	15.45
2	Interest cost	13.45	12.03	7.05	5.22
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**	**35.12**	**27.70**	**23.27**	**20.66**

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I	Assumptions	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Discount Rate	6.79%	7.79%	6.79%	7.79%
2	Expected Return on Assets	0.00%	0.00%	0.00%	0.00%
3	Salary Escalation	6.00%	6.00%	6.00%	6.00%
4	Attrition rate	1.00%	1.00%	1.00%	1.00%
5	Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

J	Assets Distribution	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Govt Securities(Central&State)	0%	0%	0%	0%
2	High-quality Corporate Bonds	0%	0%	0%	0%
3	Equity shares of Listed Cos	0%	0%	0%	0%
4	Property	0%	0%	0%	0%
5	Special deposits	0%	0%	0%	0%
6	Others(PSU)	0%	0%	0%	0%
7	Assets Under Insurance Schemes	0%	0%	0%	0%
8	Total	0%	0%	0%	0%

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

35 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

		As at 31,Mar,20	As at 31,Mar,19
(i)	Guarantees given by banks on behalf of the Company	**2,445.02**	976.46
(ii)	Impact of pending litigations not acknowledged as debt in financial statements	**4,519.64**	332.99

(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, 2020 the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments	**As at 31,Mar,20 (Rs in lakhs)**	As at 31,Mar,19 (Rs in lakhs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**62.08**	126.10

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36 As required by Ind AS - 24 "Related Party Disclosures"

(i). Name and description of related parties.

Relationship	Name of Related Party
(a) Holding Company:	HFCL Ltd. (Formerly known as Himachal Futuristic Communications Limited)
(b) Fellow Subsidiary:	Moneta Finance Private Limited HFCL Advance Sysytems Private Limited Polixel Securities Systems P.Ltd Dragonwave HFCL India P.Ltd. (w.e.f 17.12.2019)
(c) Enterprise owned or significantly influenced by holding company's KMP or their relatives	Exicom Tele-systems Ltd
(e) Joint Venture of Holding Co.:	Dragonwave HFCL India P.Ltd. (Up to 16.12.2019)
(f) Key management personnel :	Mr.G.S.Naidu, COO & Manager Mr. C. D. Ponnappa Chief Finance Officer Mr. S Narayanan, Company Secretary

Note : Related party relationship is as identified by the Company and relied upon by the auditors.

(ii). Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at 31st March, 2020 are as under:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchases/receiving of Goods & Materials		
HFCL Ltd.	2,615.05	6,514.02
Sales/rendering of Goods & Materials		
HFCL Ltd.	11,388.50	3,852.79
Fixed Assets purchased		
HFCL Ltd.	-	83.62
Fixed Assets (scrapped)sold		
HFCL Ltd.	-	-
Income - Rent /Other expenses		
HFCL Ltd.	1.58	3.62
Exicom Tele-systems Ltd	2.88	3.30
Expenses – recovered		
HFCL Ltd.	2.88	3.47
Loan received		
HFCL Ltd.	-	-
Interest paid		
HFCL Ltd.	1,095.35	1,132.10
Outstanding (Net of Payable/Receivable)		
HFCL Ltd. - Trade Payable	-	3,345.59
HFCL Ltd. - Trade Receivable	6,876.09	-
Exicom Tele-systems Ltd-Trade Receivable	11.67	8.53
HFCL Ltd. - Advance	7,200.00	7,200.00
HFCL Ltd. - Loan with interest	3,435.81	4,037.53

Chartered Accountants * KHANDELWAL JAIN & CO. *

(All amounts are in Rs.Lakhs)

Remuneration of Key Management Personnel's		
(a) Short term employee benefits		
Mr.G.S.Naidu, COO & Manager	52.90	50.37
Mr. C. D. Ponnappa Chief Finance Officer	46.60	44.37
Mr. S Narayanan, Company Secretary	20.32	18.55
(b) Post employment benefits*		
Mr.G.S.Naidu, COO & Manager	3.32	3.16
Mr. C. D. Ponnappa Chief Finance Officer	2.85	2.71
Mr. S Narayanan, Company Secretary	-	
(c) Other long term benefits*	-	-
(d) Share based payments#		
Mr.G.S.Naidu, COO & Manager	14.47	7.27
Mr. C. D. Ponnappa Chief Finance Officer	12.75	6.42
Mr. S Narayanan, Company Secretary	-	-

* Note: As the liabilities for defined benefit plans are provided on acturial basis for the Company as a whole, the amount pertaining to key management personnel are not included.

Note: Value of Employees stock options/ restricted stock units issued by HFCL to HTL employees considered herein.

37 **Segment Reporting (Ind-As 108)**

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes.

iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

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 2.42% (Previous year 2.53%) of the total turnover of the Company, hence there are no reportable geographical segments.

Revenue of approximately 72% (31/03/2019 - 82.9%) are derived from three (31.03.2019 – one) external customer which individually accounted for more than 10%.

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38 **Financial Instruments by category**

Particulars	Mar-20			Mar-19		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
1) Financial Assets						
I) Investments						
Equity shares						
(i) NSL Wind Power Company (Phoolwadi) Private	-	10	-	-	1	-
Bank Deposits	-	-	581	-	-	537
II) Trade Receivables	-	-	12,944	-	-	6,320
III) Cash and Cash Equivalents	-	-	208	-	-	994
IV)Other Bank balances	-	-	661	-	-	1,122
V)Security deposits for utilities and premises	-	-	215	-	-	121
1) Total Financial Assets	-	**10**	**14,608**	-	**1**	**9,094**
2) Financial Liabilities						
I) Borrowings						
A) From Banks	-	-	5,973	-	-	-
B) From Others	-	-	6,146	-	-	5,996
II) Trade Payables	-	-	10,413	-	-	14,248
III) Other Liabilities	-	-	10,574	-	-	9,985
2) Total Financial Liabilities	-	-	**33,105**	-	-	**30,229**

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.

Financial Assets measured at Fair Value recurring Fair value measurements at 31-03-2020	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
(i) NSL Wind Power Company (Phoolwadi) Private Limited	9	-	-	10
Total Financial Assets		-	-	**10**

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2020	**Note No.**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Bank Deposits	6	-	-	581
Trade Receivables	10	-	-	12,944
Cash and Cash Equivalent	11	-	-	208
Other Bank Balances	12	-	-	661
Security deposit for utilities and premises	13	-	-	215
Total Financial Assets		-	-	**14,608**

Liabilities which are measured at Amortised cost at 31-03-2020	**Note No.**	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities				
I) Borrowings				
A) From Banks	17, 20 & 22	-	-	5,973
B) From Others	17, 20 & 22	-	-	6,146
II) Trade Payables	21	-	-	10,413
III) Other Liabilities	18 & 22	-	-	10,574
Total Financial Liabilities		-	-	**33,105**

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Financial Assets measured at Fair Value recurring Fair value measurements at 31-03-2019	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
(i) NSL Wind Power Company (Phoolwadi) Private Limited	9	-	-	1
Total Financial Assets		-	-	1

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2019	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Bank Deposits	6	-	-	537
Trade Receivables	10	-	-	6,320
Cash and Cash Equivalent	11	-	-	994
Other Bank Balances	12	-	-	1,122
Security deposit for utilities and premises	13	-	-	121
Total Financial Assets		-	-	9,094

Liabilities which are measured at Amortised cost at 31-03-2019	Note No.	Level 1	Level 2	Level 3
Financial Liabilities				
I) Borrowings				
A) From Banks	17, 20 & 22	-	-	-
B) From Others	17, 20 & 22	-	-	5,996
II) Trade Payables	21	-	-	14,248
III) Other Liabilities	18 & 22	-	-	9,985
Total Financial Liabilities		-	-	30,229

(All amounts are in Rs.Lakhs)

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.

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 has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. 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 Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2020					
Borrowings	17, 20 & 22	12,118	4,563	7,555	12,118
Trade Payables	21	10,413	10,413	-	10,413
Deposits		-	-	-	-
Obligations under finance lease		-	-	-	-
Other liabilities	18 & 22	10,574	3,374	7,200	10,574
As at March 31, 2019					
Borrowings	17, 20 & 22	5,996	500	5,496	5,996
Trade Payables	21	14,248	14,248	-	14,248
Deposits		-	-	-	-
Obligations under finance lease		-	-	-	-
Other liabilities	18 & 22	9,985	2,785	7,200	9,985

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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 2020 and 31 March 2019.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
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. Equity Price Risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in fair value through other comprehensive income securities exposes to equity price risks. In general, these securities are not held for trading purposes. The fair value of unquoted equity instruments classified as fair value through other comprehensive income as at March 31st,2020 was Rs.10.16 Lakhs, (March 31st, 2019 was Rs.1.02 Lakhs), the fair value of which is determined using valuation techniques.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk investments in equity instruments, the Company has calculated the impact as follows. For equity instruments, a 10% increase in prices would have led to approximately an additional gain of Rs.1.02 akhs for year ending March 2020 (Rs.0.10 for year ending March 2019) in other comprehensive income. A 10% decrease in prices would have led to an equal but opposite effect.
2. INTEREST RATE RISK		
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 Company's long-term debt obligations with floating interest rates. Company has Fixed deposits with Banks amounting to Rs. 1241.16 Lakhs as at March 31st, 2020 (Rs.1970.12 Lakhs as at March 31st , 2019) Interest Income earned on fixed deposit for year ended March 31st ,2020 is Rs. 93.65 Lakhs (Rs.117.02 Lakhs as at March 31st , 2019)	In order to manage its interest rate risk The Company diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company 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. 23.41 Lakhs gain for year ended March 31st, 2020 (Rs.29.25 Lakhs gain for year ended March 31st 2018) in Interest income. A 0.25% decrease in interest rates would have led to an equal but opposite effect.

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 Company 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.

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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 2020, the Company had top 3 customers (31 March 2019: top 2 customers) that owed the Company more than INR 9947.15 Lakhs (31 March 2019: 5841.56 Lakhs) and accounted for approximately 76.85% (31 March 2019: 92.44 %) 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10 . 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 management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2020 and 31 March 2019 is the carrying amounts as illustrated in Note 10 except for financial guarantees.

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-20	31-Mar-19
	INR	INR
Borrowings (Note 17, 20 & 22)	11,544	5,996
Trade Payables (Note 21)	10,413	14,248
Others (Note 18 & 22)	10,574	9,985
Less: Cash and Cash equivalents (Note 11)	-208	-994
Deposits	-	-
Total Debt	**32,322**	**29,235**
Convertible preferences shares		-
Equity	117	(3808)
Total Capital	117	(3808)
Capital and Total Debt	32440	25427
Gearing Ratio	100%	115%

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

40 Loan of Rs. 624.20 Lakhs (Previous year Rs.624.20 Lakhs) together with interest accrued and due thereon of Rs.2918.60 Lakhs (Previous year Rs.2768.39 Lakhs) is due to Government of India (GOI). 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. 42 below].

41 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 2002. In respect of the remaining 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.

42 Claims of Rs. 347.00 Lakhs receivable from BSNL against the compensation approved by Telecom Commission vide letter No. U-37012/3/97-FAC dated 1st May, 2001 for pre-closure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 has 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 reiterated the adjustment of Rs.347.00 Lakhs compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding loan from Government of India (GOI) . After adjustment of ETP compensation of Rs 347 lakhs against the interest portion of outstanding GOI loan in terms of GOI letter dated 2nd December, 2003, the Company has made adequate interest provisions till 31.03.2020. In the financial statements, company has adjusted the said claim receivable from the interest liability due to GOI. The Company expects no further liability, once the adjustment is agreed upon. [Refer Note 40 above]

43 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 HFCL Ltd. (HFCL), Holding Company. It is also proposed that the right issue be funded by way of conversion of outstanding loan along with 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 along with interest and advances/loan received from HFCL have been shown under Non-Current Financial Liability instead of Current Financial Liability.

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(All amounts are in Rs.Lakhs)

44 **Share Based Payment**

a) ESOP Plan

On October 15, 2018, Holding Company HFCL Ltd. [HFCL] approved the Employee Stock Option Plan (HFCL plan 2017) for the grant of stock options to the employees of HFCL and its subsidiaries The Company recognises the cost towards the options granted to the employee of the company by holding company through equity settled method. The Nomination, Remuneration and Compensation Committee of HFCL administers the plan through a trust established specially for this purpose.

In October 2018, the HFCL approved the grant to the employee of the Company under the HFCL plan 2017. The options under this grant vest to the employees as 40%, 30% and 30% of the total grant at the end of first, second and third year from the date of grant respectively, with an exercise period ending 5 year from the end of last vesting. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a prevailing fair market value of per share, i.e., the closing market price of the share of HFCL as on the National Stock Exchange of India immediately prior to the date of grant.

Particulars	March 31, 2020		March 31, 2019	
	No. of Options	Weighted Average Exercise price (Rs.)	No. of Options	Weighted Average Exercise price (Rs.)
Outstanding at the beginning of the year	1,34,000	11.04	-	-
Granted During the year	87,600	11.04	1,34,000	11.04
Forfeited during the year	17,200	11.04	-	-
Exercise during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,04,400	11.04	1,34,000	11.04
Exercisable at the end of the year	-	-	-	-
Exercise prices for outstanding options at the end of year	- -	-	-	-

b) RSU Plan

On October 15, 2018, Holding Company HFCL Ltd. [HFCL] approved the Restricted Stock Units (RSUs) for the grant of RSUs to the employees of HFCL and its subsidiaries

In October 2018, the HFCL approved the grant to the employee of the Company under the RSUs. The RSUs under this grant vest to the employees as 70% and 30% of the total grant at the end of third and fourth year from the date of grant respectively, with an exercise period ending 5 year from the end of last vesting. The conditions for number of options granted include service terms and performance grade of the employees. Exercise price of RSUs will be Rs. 1/-.

Particulars	March 31, 2020		March 31, 2019	
	No. of Options	Weighted Average Exercise price (Rs.)	No. of Options	Weighted Average Exercise price (Rs.)
Outstanding at the beginning of the year	2,34,500	1	-	-
Granted During the year	-	-	2,34,500	1
Forfeited during the year	30,100	-	-	-
Exercise during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,04,400	1	2,34,500	1
Exercisable at the end of the year	-	-	-	-
Exercise prices for outstanding options at the end of year				

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45 **Corporate social responsibility expenses:**

	As at March 31, 2020	As at March 31, 2019
Opening	130.77	119.45
Gross amount to be spent by the Company during the year	41.92	11.32
Amount spent during the year:		
Contribution on acquisition of assets		
On other purposes	-	-
Amount remained unspent	**172.69**	**130.77**

In view of the management, due to following reason amount is not spend during the year:
(i) The Company's networth became positive only in the last quarter of this financial year
(iii) The Company is having accumulated losses.
(iv) The Company is facing financial constraints for its business operations and further growth.

46 **Disclosure required under Micro and Small Enterprises Development Act, 2006 (the Act) are given as follows :**

Particulars	As at March 31, 2020	As at March 31, 2019
a. Principal amount due	**89.78**	68.79
Interest due on above	**1.10**	0.56
b. Interest paid during the period beyond the appointed day	**Nil**	Nil
c. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	**Nil**	Nil
d. Amount of interest accrued and remaining unpaid at the end of the period	**1.10**	0.56
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	**Nil**	Nil

Note: The above information and that given in Note No.21 ' Trade Payables' regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

47 **Deferred Tax**

In accordance with Ind AS 12 on 'Income Taxes', issued by the Institute of Chartered Accountants of India, deferred tax assets have been accounted in the books for Rs.320.21 Lakhs

48 **Impact of Covid 19**

The COVID-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of lockdown that started on 25th March 2020. The Government has ordered temporarily closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel etc. These restrictions had substantially reduced Company's operations and has impacted the sales volume for the month of March 2020, April 2020 and May 2020. The Company has since, after receiving applicable permissions vide letter Dated 10th April, 2020 and Dated 21st April, 2020 has commenced the operations in Guindy Plant, in a phased manner taking into account directives from the Government. Further, the company also commenced the operations in Hosur Plant vide permission letter Dated 22nd April, 2020. Though the operating cycle has been impacted but is in the nature of short term and will not impact company's ability to service its debts and other financial arrangements. Company's assets are safe and following up all adequate internal financial and operational controls. The management is monitoring the situation closely and has taken various steps for functioning of the operations. The Management has evaluated the impact on its financial statements and have made appropriate adjustments, wherever required on revenue, debtors and actuarial assumptions. In assessing the recoverability of its assets including receivables and inventories, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts.

The above evaluations are based on scenario analysis carried out by the management and internal and external information available up to the date of approval of these results, which are subject to uncertainties that COVID-19 outbreak might pose in future on economic recovery.

49 Hitherto, during the financial year 2019-20 the company has changed the amortisation method for Intangible assets and has moved from Written Down Value method to Straight Line method . Amortisation in case the company had continued with the old method would have been INR 43.93 lakh/-

50 Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification / presentation.

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

KHANDELWAL JAIN & CO. New Delhi CHARTERED ACCOUNTANTS

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 27th May 2020

For and on behalf of the Board

MAHENDRA NAHATA
Chairman
(DIN: 00052898)

R.M. KASTIA
Director
(DIN: 00053059)

S. NARAYANAN
Company Secretary
M.No ACS5772

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