

HTL LTD.

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

NOTICE

Notice is hereby given that the Fifty First Annual General Meeting of HTL Ltd. will be held on **Friday, the 21st September 2012 @ 12 Noon** at the Registered Office of the Company at GST Road, Guindy, Chennai – 600 032 to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2012 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of **Shri Mahendra Nahata** retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of **Shri Y.L. Agarwal** who retires by rotation and being eligible offers himself for reappointment.
4. To consider and approve the Re-appointment & Remuneration of **Dr.R.M.Kastia** as a Whole Time Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and also subject to the approval of the Central Government wherever required and such other approvals as may be necessary, consent of the Company be and is hereby accorded for the re-appointment of **Dr.R.M.Kastia** as the Whole Time Director of the Company w.e.f.1st February 2012 for a period of three years upon the terms and conditions set out in the explanatory statement annexed to this notice convening this meeting including remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the period of his tenure.”


5. “To appoint Auditors for the financial year 2012-2013 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.Khandelwal Jain & Co., Chartered Accountants, the retiring Auditors of the Company are eligible for reappointment. The following Special Resolution is submitted in terms of Section 224A of the Companies Act, 1956:

“RESOLVED that M/S Khandelwal Jain & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be decided by the Board of Directors of the Company.”

Registered Office
GST Road, Guindy
Chennai – 600 032.

Place: Chennai
Date : 16th August 2012

By Order of the Board
For HTL Ltd.


(S.Narayanan)
Company Secretary

Notes :

1. Proxy

- (i) Article 66 of the Articles of Association of the Company provides that a member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting or to vote except on a poll. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
- (ii) Article 67 of the Articles of Association of the Company provides that the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956.

(i) ITEM NO : 4 Re-appointment & Remuneration of Dr.R.M.Kastia as Whole Time Director:

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

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

The re-appointment of Dr.R.M.Kastia as Whole Time Director is for a period of three years w.e.f.1.2.2012 on the terms and conditions including remuneration and the same has been approved by the Remuneration Committee and the Board on 30.3.2012. The abstract of the terms and conditions of the re-appointment of the Whole Time Director under Section 302 of the Companies Act,1956 are furnished in **Annexure – II**.

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

None of the Directors are interested in the above resolution.

The Members are therefore requested to accord their approval to the above special resolution.

(ii) Item No : 5 Appointment of Statutory Auditors

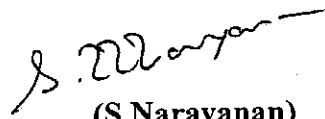
Section 224A of the Companies Act, 1956 provides that in case of a company in which not less than 25% subscribed share capital is held, inter alia, by the Central Government, the appointment or re-appointment at the general meeting of an auditor shall be made by special resolution. Since the Central Government is holding 26% of the subscribed share capital of the Company, the auditors of the Company are required to be appointed by way of special resolution.

M/s. Khandelwal Jain & Co is the retiring auditors of the Company. A certificate from the above auditors has been received to the effect that their appointment, if made, would be within the limits prescribed w/s 224(1B) of the Companies Act, 1956. The Board of Directors recommend the resolution for the appointment of M/s.Khandelwal Jain & Co. Chartered Accountants as the Company's auditors for approval of the Members.

None of the Directors of the Company are in any way concerned or interested in passing the said resolution.

Registered Office
GST Road, Guindy
Chennai – 600 032.

By Order of the Board
For HTL Ltd.



(S.Narayanan)
Company Secretary

Place: Chennai
Date : 16th August 2012

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

Sl. No.	Details	Information																							
I. General Information																									
(1)	Nature of Industry	Manufacture, Supply & Installation of Switching, Transmission, Access Products and other Telecom equipments, Executing Turnkey Projects for setting up of telecom networks etc.																							
(2)	Date or expected date of commencement of commercial production	The Company started commercial production of Teleprinters on 14.12.1960. On phasing out of the above production, manufacture of telecom equipments started from 1993.																							
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable																							
(4)	Financial performance based on given indicators	<table border="1"> <thead> <tr> <th rowspan="2">Financial Parameters</th> <th colspan="3">Years</th> </tr> <tr> <th>2008-09</th> <th>2009-10</th> <th>2010-11</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>3939.33</td> <td>3111.18</td> <td>567.23</td> </tr> <tr> <td>Net Profit / (Loss)</td> <td>-10426.96</td> <td>-4363.68</td> <td>-5,910.00</td> </tr> <tr> <td>Amount of dividend paid</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Rate of dividend paid</td> <td>NA</td> <td>NA</td> <td>NA</td> </tr> </tbody> </table> <p>(Rs. in lakhs)</p>	Financial Parameters	Years			2008-09	2009-10	2010-11	Turnover	3939.33	3111.18	567.23	Net Profit / (Loss)	-10426.96	-4363.68	-5,910.00	Amount of dividend paid	Nil	Nil	Nil	Rate of dividend paid	NA	NA	NA
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(5)	Export performance and net foreign exchange collaborations	Nil																							
(6)	Foreign investments or collaborators, if any.	Nil																							
II. Information about the appointee																									
(1)	Background details	Dr.R.M.Kastia is a post graduate from the University of Rajasthan possessing Doctorate Degree in Chemistry.He is also a fellow Member of British Institute of Management (London).He is having five decades of rich experience and of which two decades of rich experience in Telecom Industries occupying senior positions.He is having very good contacts of all top officials in the Telecom Industry.																							

(2)	Past remuneration	Organisation	Period	Total Amount																																					
				(Rs)																																					
		Himachal Futuristic Communications Ltd., New Delhi - Whole Time Director	1.4.2008 to 31.1.2009	6904140																																					
		HTL LTD , Chennai	1.2.2009 to 31.3.2010	9325968																																					
		HTL LTD , Chennai	1.4.2010 to 31.3.2011	8772570																																					
(3)	Recognition or awards	Nil																																							
(4)	Job Profile and his suitability	<p>He is superseeding the overall operations of the Company, coordination with all Govt.Depts., finalisation, of revival package, management of funds etc.</p> <p>He is having two decades of rich experience in top level management in reputed Telecom Companies.</p>																																							
(5)	Remuneration proposed	<p>Proposed remuneration as approved by the Remuneration Committee & Board of Directors in their meeting held on 30.3.2012 subject to the approval of the Shareholders and the Central Government, New Delhi.</p> <p>Period From 1.2.2012 to 31.1.2013</p> <table border="1"> <thead> <tr> <th>Item Description</th> <th>Rs. Per Month</th> <th>Rs. Per Annum</th> </tr> </thead> <tbody> <tr> <td>Basic Salary **</td> <td>468000</td> <td>5616000</td> </tr> <tr> <td>House Rent Allowance (Lease)</td> <td>280800</td> <td>3369600</td> </tr> <tr> <td>Expenditure on Gas, Electricity, Water & Furnishings (Max.)*</td> <td></td> <td>561600</td> </tr> <tr> <td>Medical Reimbursement (Max.)*</td> <td></td> <td>468000</td> </tr> <tr> <td>Leave Travel Concession (Max.)*</td> <td></td> <td>468000</td> </tr> <tr> <td>Insurance Premia - Medical/ Accident (max.)*</td> <td></td> <td>30000</td> </tr> <tr> <td>Contribution to Provident Fund</td> <td>56160</td> <td>673920</td> </tr> <tr> <td>Contribution to Gratuity</td> <td></td> <td>270000</td> </tr> <tr> <td>Provision of Car (value of Perk)</td> <td></td> <td>26400</td> </tr> <tr> <td>Leave Encashment (Max.)*</td> <td></td> <td>540000</td> </tr> <tr> <td>TOTAL</td> <td></td> <td>12023520</td> </tr> </tbody> </table> <p>* Subject to actuals ** With an annual increment of Rs.46,800/- alongwith other consequential benefits for 2 nd Year & 3rd Year.</p>				Item Description	Rs. Per Month	Rs. Per Annum	Basic Salary **	468000	5616000	House Rent Allowance (Lease)	280800	3369600	Expenditure on Gas, Electricity, Water & Furnishings (Max.)*		561600	Medical Reimbursement (Max.)*		468000	Leave Travel Concession (Max.)*		468000	Insurance Premia - Medical/ Accident (max.)*		30000	Contribution to Provident Fund	56160	673920	Contribution to Gratuity		270000	Provision of Car (value of Perk)		26400	Leave Encashment (Max.)*		540000	TOTAL		12023520
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(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Dr.R.M.Kastia was drawing the remuneration as a Whole Time Director in HTL Ltd as per the proposed terms which were approved by GOI in the preceding 3 years.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	He had been drawing his remuneration with similar terms in M/s. Himachal Futuristic Communications Ltd as a Whole Time Director during his previous employment. Hence, his remuneration is either at par or less than the remuneration drawn by persons of similar qualification and experience in Telecom Companies.
III	Other information	Dr.R.M.Kastia is not related to any of the Directors of the Company.
(1)	Reasons of loss or inadequate profits.	<p>The major reasons for losses are:</p> <ol style="list-style-type: none"> 1. Sharp decline in orders for switching due to decline in landlines. 2. Steep fall in contributions due to undercutting by MNCs.. 3. Sudden withdrawal of advances with orders on disinvestment resulted in shortage of working capital. 4. Denial of facility of exemption from furnishing of Bid Bond Security and Performance Bank Guarantee after disinvestment. 5. The Working Capital limits sanctioned during 2000 have not been refixed by Banks in tune with the requirements of the Company. 6. Increase in incidence of interest costs due to delay in clearing the overdues. 7. Multiple litigations delayed the process of restructuring.
(2)	Steps taken or proposed to be taken for improvement.	All the required formalities for disposal of a piece of surplus land have been completed and the whole process is expected to be completed in about 4 months' time. On clearing the Bank Debts with the sale proceeds of the said land, the necessary working capital (both fund and non- fund based) will be made available by the banks and the company will be able to resume its normal operations.
(3)	Expected increase in productivity and profits in measurable terms.	Once the company has become debt free, fresh sanctions from financial institutions can be arranged for the current working capital needs. This will result in better financial performance of the company.

IV	Disclosures	
(1)	The shareholders of the company shall be informed of the remuneration package of the managerial person.	Yes. The same is being included in the Notice of their Meeting.
(2)	The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any attached to the annual report	
(i)	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension et. of all the Directors.	
(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	Yes. The same will be included .
(iii)	Service contracts, notice period, severance fees;	
(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	
(3)	Prior approval of Central Government (Department of Corporate Affairs, New Delhi) to be obtained	Application for condonation of delay under Sec.637B(a) in submission of Form-25A for the approval of Department of Corporate Affairs is being made.

Annexure - II

Terms & Conditions of re-appointment of Dr.R.M.Kastia , as a Whole Time Director :**A. Basic Salary**

Basic Salary of Rs.4,68,000/- per month with annual increment of Rs.46,800/- falling due on 1st February every year during the tenure of appointment.

B. Perquisites

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

Category - A

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

Category – B

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

Contd.,

Category - C

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

Other Terms

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

HTL LTD.

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 51st Annual Report and Audited Accounts for the financial year ended 31st March 2012.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2011-12 Rs.	2010-11 Rs.
Sales, Services and Other Income	12.81	5.67
Profit (loss) Before Depreciation, Finance Charges and Taxation	(19.96)	(15.50)
Less: Depreciation	0.37	0.56
Finance Charges	54.36	43.04
Net Loss for the year	(74.69)	(59.10)
Add: Loss Brought Forward from Previous Year	(491.63)	(432.53)
Deficit carried to the Balance Sheet	(566.32)	(491.63)

DIVIDEND

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

SIGNIFICANT EVENTS OF THE YEAR

- (1) The Disputes Resolution Committee constituted by the Government of Tamil Nadu met on 9.8.2011 for resolving the dispute over the resumption of the land measuring 11.50 acres out of the 15.09 acres of land at Hosur, acquired by the Company in May 1983 under a registered Lease cum Sale Agreement. The said Committee could not arrive at a mutually acceptable solution since both sides viz., SIPCOT and HTL stood their ground. In the said circumstance, the Company is going file a writ in the Hon'ble High Court of Madras seeking a legal remedy.
- (2) The proposed sale of a piece of surplus vacant land of the Company measuring 11.021 acres by SBI under SARFAESI could not take place since there were no bidders. The prospective bidders expressed that there is no demand for commercial properties from IT / ITES sector as there is already surplus space is available and they are interested to bid provided a NOC from SIDCO is furnished for usage of the said land for residential purposes of public usage.

The Company took up the same with SIDCO & GOTN and obtained the required NOC on 18.4.2012 from SIDCO after issue of necessary orders by GOTN. The SBI resumed its action for sale of the said land.

The Company's plan for financial restructuring could not be carried out due to the delay occurred in disposal of the vacant land at Chennai and the Company is hopeful to carry out its revival plan in 2012-13.

REVIEW OF OPERATIONS

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

(Rs in Lakhs)

PRODUCTS	2011-12 (Rs.)	2010-11 (Rs.)
Sale of Products	0.40	5.89
Sale of Services	12.68	111.60
TOTAL	13.08	117.49

The Company's performance during the year under review was poor since the Company continued to face severe financial crisis, including the non-availability of working capital from Banks / Financial Institutions and the attachment of the receivables of the Company by SBI under SARFAESI.

CURRENT POSITION AND OUTLOOK

The Company's operations were impaired because of non-availability of working capital. The Company is hopeful in completing the sale of the vacant land by SBI in the financial year 2012-13. Thereafter, necessary working capital (both fund and non-fund based) will be made available by the banks and the Company will be able to resume its normal business operations. This will certainly result in the improvement of its financial performance in future.

FIXED DEPOSITS

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

DIRECTORS

Shri Mahendra Nahata and **Shri Y.L. Agarwal** are retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent (read with Notes on Accounts in Schedule 20 of the Audited Statement of Accounts) so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the financial year ended 31st March,2012 on a going concern basis subject to the position as clarified in Note No. C.2 in Schedule 20 of the Audited Statement of Accounts.

AUDITORS

M/s.Khandelwal Jain & Co, Chartered Accountants, New Delhi retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

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

PERSONNEL

The manpower strength at the close of the year was 169 as compared to 221 at the beginning of the year.

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

CONSERVATION OF ENERGY/ TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters is set out in ANNEXURE 3 and forms part of this Report.

ACKNOWLEDGEMENTS

Your Board of Directors place on record their sincere thanks for the assistance and support extended by the Department of Telecommunications, Government of India, Government of Tamil Nadu , BSNL , MTNL , Reliance and Aircel . Your Directors also wish to express their gratitude for the co-operation and assistance extended by the Banks and Suppliers.

Your Directors wish to place on record their sincere appreciation of the dedicated efforts put in by the employees at all levels in the Company.

For and on behalf of the Board

Place : New Delhi
Date : 29th May 2012

R.M.KASTIA
WHOLE TIME DIRECTOR

ANNEXURE 1 TO THE DIRECTORS' REPORT
INFORMATION AND EXPLANATION ON QUALIFICATIONS / OBSERVATIONS IN
THE AUDITORS' REPORT

(A) OBSERVATIONS IN THE AUDITORS' REPORT

Auditors' Observation:

4. *As mentioned in Note No. 24 in the financial statements, the Company incurred a net loss of Rs.746,871 thousands during the year and has accumulated losses of Rs 5,663,159 thousands as at March 31, 2012, which has resulted in negative net worth of Rs. 5,513,159 thousands. The Company's current liabilities have exceeded its current assets by Rs 5,461,857 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 500,428 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands and interest accrued and due thereon of Rs. 211,503 thousands. The turnover during the current year is only Rs. 1,308 thousands. The Company's plans to raise funds are dependent on resolution of various uncertainties as referred to in the said note. These factors along with other matters as set forth in the said note raise doubt that the Company will be able to continue as a going concern. The Company is expecting to receive orders for erection of Telecom Towers and Integrated Fixed Wireless Terminals. In view of the management's expectation of the successful outcome of the above proposals, the financial statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.*

Reply of the Board:

The Company is confident to clear its over dues on realization of proceeds of the proposed sale of vacant land at Chennai by SBI under SARFAESI and in reviving the operations since the required NOC from SIDCO for utilisation of the said land for residential projects for general public usage has been obtained and SBI is in the process of sale.

Though there is a good potential for Telecom Products & the Company is having necessary expertise, it could not perform well mainly due to lack of credit facilities from Bankers and also its acute financial constraints due to the attachment of receivables of the Company by SBI under SARFAESI. The Company is confident to improve its

performance substantially on completion of the proposed sale of land by SBI and release of receivables after realization of their dues. This matter has been explained in detail in Note No.24 in the financial statements. All efforts are taken for continuance of the Company and hence, the Company is an on going concern only and the financial statements are finalized as an on going concern basis.

OBSERVATIONS IN THE ANNEXURE TO AUDITORS' REPORT

1. Auditors' Observation:

Para (ix)(a) : According to the information and explanations given to us and records examined by us , undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, excise duty , cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.

Reply of the Board:

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

2. Auditors' Observation:

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

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

Reply of the Board:

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

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

3. Auditors' Observations:

Para (x): The Company's accumulated losses are more than its net worth and referred to BIFR which has been abated after application of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests (SARFAESI) Act by State Bank of India (SBI). The Company has incurred cash loss during the year. In the immediately preceding financial year also, the Company had incurred cash loss.

Para (xi): Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the sanctioned limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs.500,428 thousands and interest accrued and due on these loans is Rs.1,953,902 thousands.

Para (xvii): According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that as at 31st March, 2012, short term funds to the tune of Rs.5,461,857 thousands working capital loans, cash credits and net current liabilities, have been used to primarily finance the cash losses of the Company.

Reply of the Board:

These are only statement of facts and need no further comment by the Board except that in absence of any arrangement of long term funds to finance the cash losses, the available working funds got depleted resulting into use of short term funds for meeting the losses.

ANNEXURE 2 TO THE DIRECTORS' REPORT

**INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956
READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,
1975.**

Employed throughout the year

Name of the Employee	: Dr.R.M.Kastia
Designation	: Whole Time Director
Nature of Employment	: Contractual
Remuneration*	: Rs. 1,18,79,280/-
Qualification & Experience	: Post Graduate & Doctorate in Chemistry. Fellow Member of British Institute of Management (London) 49 years
Date of Commencement of Employment	: 1.2.2009
Age	: 70 Years
Last Employment held & Designation	: Himachal Futuristic Communications Ltd. Whole Time Director

* The above remuneration is paid for the period April 2011 to January 2012 and charged to Profit and Loss Account. He has been re-appointed for 3 years w.e.f. 1.2.2012 and the remuneration paid / payable from 1.2.2012 to 31.3.2012 amounting to Rs. 15,01,542/- is not charged to Profit and Loss Account and shown as recoverable, pending approval of Government of India.

ANNEXURE 3 TO THE DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES , 1988 FOR THE YEAR ENDED 31st MARCH, 2012.

CONSERVATION OF ENERGY

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

RESEARCH AND DEVELOPMENT (R&D)

The Company has not incurred any sum during the year 2011-12 towards recurring expenditure on R&D.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in '000)

FOB Value of Exports	NIL
CIF Value of Imports	NIL
Expenditure in Foreign Currency	NIL

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE:
EDU. HANS BHAYANI,
BHADUR SHAH ZAFAR MARG,
NEW DELHI-110 002


Tel.: 011-2670091, 2670092, 2670098
Fax: 2670094
Website: www.kjca.com
E-mail: kjc@kjca.com

AUDITORS' REPORT

TO THE MEMBERS OF HTL LIMITED

1. We have audited the attached Balance Sheet of HTL Limited (the Company) as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. *As mentioned in Note No. 24 in the financial statements, the Company incurred a net loss of Rs.746,871 thousands during the year and has accumulated losses of Rs 5,663,159 thousands as at March 31, 2012, which has resulted in negative net worth of Rs. 5,513,159 thousands. The Company's current liabilities have exceeded its current assets by Rs 5,461,857 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 500,428 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands and interest accrued and due thereon of Rs. 211,503 thousands. The turnover during the current year is only Rs. 1,308 thousands. The Company's*

plans to raise funds are dependent on resolution of various uncertainties as referred to in the said note. These factors along with other matters as set forth in the said note raises doubt that the Company will be able to continue as a going concern. The Company is expecting to receive orders for erection of Telecom Towers and Integrated Fixed Wireless Terminals. In view of the management's expectation of the successful outcome of the above proposals, the financial statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.

5. Further to our comments in the Annexure referred to above paragraph, we report that:-
- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to para 4* above and read together with the other notes and the significant accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- 

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For KHANDELWAL JAIN & CO.

Firm Registration No. 105049W

Chartered Accountants



(Akash Shinghal)

Partner

Membership No: 103490

Place: New Delhi

Date : May 29, 2012

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE:
201, HALIS BHAWAN,
BALDOBA SHAH SARAI, MARSI,
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ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of **HTL LIMITED** on the accounts for the period ended 31st March, 2012;

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

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

(c) During the period, the Company has not disposed off any substantial part of the fixed assets.

(ii) (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.


(b) In our opinion, and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.

(iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Order are not applicable.

(b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the

register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (e), (f) and (g) of the said Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the period, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4 (v)(b) of the said Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) *According to the information and explanations given to us and records examined by us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) *According to the information and explanations given to us and as certified by the management, undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, excise duty, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:*
- 

Sl. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Due Date
1	The Central Sales Tax Act 1956	Differential sales tax payable for 2000-01.	249,573	Various Dates
2	The Central Sales Tax Act 1956	Differential sales tax payable for 2002-03 for non-submission of 'C' Form including interest	161,211	Various Dates
3	The Central Sales Tax Act 1956	Differential sales tax on price revision for the years 2004-05 to 2008-09.	14,165	Various Dates
5	Income Tax Act, 1961	Income Tax payable for the Assessment Year 1998-99 on account of disallowance of provision for doubtful debts & advances and inventories including interest.	14,214	31st March 2000

(c) According to the information and explanations given to us and as certified by the management, the dues outstanding of income-tax, sales-tax, excise duty and cess on account of any dispute, are as follows:

Sl. No.	Name of the Statute	Nature of Dues	Amount Rs. In '000s	Forum where dispute is pending
1.	The Central Sales Tax Act, 1956	Differential sales tax on sales to BSNL /MTNL for the year 2000-01 for non-submission of C/D Forms including interest.	887,146	Madras High Court
2	The Tamil Nadu General Sales Tax Act, 1959	Interest levied on delay in payment of differential sales tax for October 2000.	229	Madras High Court
3	The Central Sales Tax Act, 1956	Interest levied on delay in payment of differential sales tax for the month of October 2000.	6,030	Madras High Court
4	Income Tax Act, 1961	Income Tax on disallowance of provision for doubtful debts and obsolete inventory for 2000-01 including interest.	39,725	Income Tax Appellate Tribunal

(x) The Company's accumulated losses are more than its net worth and referred to BIFR which has been abated after application of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests (SARFAESI) Act by State Bank Of India (SBI). The Company has incurred cash loss during the year. In the immediately preceding financial year also, the Company had incurred cash loss.



- (xi) *Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the working capital borrowings from the banks have been in excess of the sanctioned limits throughout the year. At the close of the year, such overdrawn borrowings amounted to Rs.500,428 thousands. As at March 31, 2012 interest accrued and due on these loans was Rs. 1,953,902 thousands.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Hence, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on our examinations of the records and information and explanations given to us during the period no term loan with repayment period beyond 36 months has been obtained.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that as at 31st March, 2012, short term funds to the tune of Rs 5,461,857 thousands working capital loans, cash credits and net current liabilities, have been used to primarily finance the losses of the Company.*
- (xviii) According to the information and explanations provided by the management, there are no parties covered under section 301 of the Companies Act, 1956. Hence, clause 4 (xviii) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xix) The Company did not have any outstanding debentures during the year.

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- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For KHANDELWAL JAIN & CO.

Firm Registration No. 105049W

Chartered Accountants



(Akash Shinghal)

Partner

Membership No: 103490

Place: New Delhi

Date: May 29, 2012

HTL LIMITED
BALANCE SHEET AS AT 31st March, 2012

In '000 Rupees

Particulars	Note No.	Figures as at 31st Mar, 2012	Figures as at 31st Mar, 2011
I EQUITY AND LIABILITY			
(1) Shareholders Funds			
(a) Share Capital	1	150,000	150,000
(b) Reserve & Surplus	2	(5,663,159)	(4,916,288)
(2) Share application money (Pending Allotment)			-
(3) Non- Current Liabilities			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilites		-	-
(c) Other Long Term Liabilites		-	-
(d) Long Term Provision	3	85,717	102,960
(4) Current Liabilities			
(a) Short Term Borrowings	4	764,962	646,092
(b) Trade Payables	5	1,613,028	1,504,755
(c) Other Current Liabilites	6	3,998,562	3,468,822
(d) Short Term Provision		-	-
		949,111	956,341
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	34,417	38,065
(ii) Intangible Assets		-	-
(iii) Capital-Work-In-Process		-	-
(iv) Intangible Assets under Development		-	-
(b) Non- Current Investments		-	-
(c) Deferred tax Assets (net)		-	-
(d) Long Term Loans & Advances		-	-
(e) Other Non-Current Assets		-	-
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	8	7,759	7,896
(c) Trade Recievables	9	688,051	689,566
(d) Cash & Cash Equivalents	10	106,680	108,953
(e) Short-term Loans & Advances	11	76,130	75,786
(f) Other Current Assets	12	36,074	36,074
		949,111	956,341
See other accompanying notes to the financial statements	20-44		

As per our report of even date attached

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

(AKASH SHINGHAL)

Partner

M.No. 103490

Place : New Delhi

Date: 29.05.2012

For and on behalf of the Board of Directors

Whole Time Director

Director

Company Secretary

HTL LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2012

In '000 Rupees

Particulars	Note No	Figures for the year ended on 31st Mar, 2012	Figures for the year ended on 31st Mar, 2011
I Revenue From Operation	13	1,312	11,752
Less: Excise Duty		(5)	(3)
		1,307	11,749
II Other Income	14	126,832	44,974
III Total Revenue		128,139	56,723
IV EXPENDITURE			
Cost of Material Consumed	15	1,189	541
Purchase of Stock-in-trade		-	-
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	16	-	-
Employee Benefits Expenses	17	149,214	163,441
Finance Cost	18	543,583	430,440
Depreciation and Amortization Expenses	7	3,663	5,589
Other Expenses	19	177,361	47,710
Total Expenses		875,010	647,720
V Profit before Exceptional items, Extraordinary items and Tax (III- IV)		(746,871)	(591,000)
VI Exceptional Items		-	-
VII Profit before Extraordinary items and Tax (V- VI)		(746,871)	(591,000)
VIII Extraordinary Items		-	-
IX Profit before Tax (VII- VIII)		(746,871)	(591,000)
X Less: Tax Expense:			
Current Tax		-	-
Deffered Tax		-	-
XI Profit (Loss) for the period from Continuing Operation (after tax)(IX- X)		(746,871)	(591,000)
XII Profit (Loss) from Discontinuing Operation		-	-
XIII Tax Expense of Discontinuing Operations		-	-
XIV Profit (Loss) from Discontinuing Operation (after tax) (XII- XIII)		-	-
XV Profit (Loss) for the Period (XI+ XIV)		(746,871)	(591,000)
XVI Earning per share (Face value of Rs.100/- each)			
Basic (Rs.)		(497.91)	(394.00)
Diluted (Rs.)		(497.91)	(394.00)
See other accompanying notes to the financial statements	20-44		

As per our report of even date attached

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

(AKASH SHINGHAL)
Partner
M.No. 103490

Place : New Delhi
Dated : 29.05.2012

For and on behalf of the Board of Directors

Whole Time Director

Director

Company Secretary

HTL LIMITED

Cash Flow Statement for the year ended March 31, 2012

Particulars	2011-2012	2010-2011
	Rs. 000's	Rs. 000's
A. Cash Flows from/(used in) Operating Activities		
Net Loss before Taxation	(746,871)	(591,000)
Adjustments for:		
Depreciation	3,663	5,589
Unrealised Foreign Exchange Loss/(Gain) (net)	148,854	-
Interest Income	(8,373)	(7,232)
Interest Expense	542,336	429,040
Excess Liabilities Written Back	(117,655)	(30,054)
Operating Loss before Working Capital Changes	(178,046)	(193,657)
Adjusted for:		
Inventories	137	43
Trade & Other Receivables	2,295	157,268
Trade & Other Payables	135,957	44,025
Cash Generated from Operations	(39,657)	7,679
Direct Taxes Paid (Net of Refunds)	(1,125)	(801)
Net Cash from/(used in) Operating Activities	(40,782)	6,878
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(13)	(25)
Decrease/(Increase) in Term Deposits with Banks	1,768	(395)
Interest Received	8,373	7,232
Net Cash from/(used in) Investing Activities	10,128	6,812
C. Cash Flows from Financing Activities		
Repayments of Short - Term Borrowings*	11,871	(16,372)
Proceeds from Short-Term Borrowings	107,000	-
Interest Paid	(88,721)	(6,967)
Net Cash from/(used in) Financing Activities	30,150	(23,339)
Net Decrease in Cash and Cash Equivalents (A + B + C)	(504)	(9,650)
Cash and Cash Equivalents at the Beginning of the Year	8,333	17,983
Cash and Cash Equivalents at the End of the Year	7,828	8,333

Components of Cash and Cash Equivalents as at **	March 31 2012	March 31 2011
	(Rs. In 000's)	(Rs. In 000's)
Cash and Cheques on Hand	202	152
With banks - on Current Account	7,626	8,181
Cash and Cash Equivalents at the End of the Year	7,828	8,333

* Does not includes Rs. 129,000 amount transferred to advances from customers in the year ended 31.03.2011

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

As per our report of even date

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

AKASH SHINGHAL
Partner
Membership No. 103490

Place : New Delhi
Date : May 29, 2012

For and on behalf of the Board of Directors

Whole Time Director

Director

Company Secretary

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"1" -SHARE CAPITAL	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
AUTHORISED 2,000,000 (Previous year-2,000,000 of Rs.100/- each) Equity Shares of Rs.100/-each	200,000	200,000
ISSUED,SUBSCRIBED & PAID UP 1,500,000 (Previous year-1,500,000 of Rs.100/- each) Equity Shares of Rs.100/- each fully paid up	150,000	150,000
TOTAL	150,000	150,000

Of the above:

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

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

iii) Shareholders holding more than 5 percent shares

Name of Shareholder	31st Mar, 2012		31st Mar, 2011	
	%	No.of Shares	%	No.of Shares
Himachal Futuristic Communications Ltd.	74.00	11,10,000	74.00	11,10,000
Govt. of India represented by President of India	25.99	3,89,996	25.99	3,89,996

iv) The reconciliation of the number of shares outstanding as at 31st March , 2012 is set out below:

Particulars	Number of Shares as at 31st Mar, 2012	Number of Shares as at 31st Mar, 2011
Number of shares at the beginning	1,500,000	1,500,000
Add: Shares issued during the year	-	-
Number of shares at the end	1,500,000	1,500,000

"2" -RESERVES & SURPLUS	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Capital Reserve:		
Opening balance	0	0
Add: Addition During the year	-	-
Less:Utilised during the year	0	0
Closing Balance	0	0
Profit & Loss Account:		
Opening balance	(4,916,288)	(4,325,288)
Add: Transfer from Profit & Loss	(746,871)	(591,000)
Less:Transfer to General Reserve	(5,663,159)	(4,916,288)
Closing Balance	(5,663,159)	(4,916,288)
TOTAL	(5,663,159)	(4,916,288)

Of the above:

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

"3" - LONG TERM PROVISION	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Provision for Gratuity	60,428	77,526
Provision for Leave Encashment	25,289	25,434
TOTAL	85,717	102,960

"4" - SHORT TERM BORROWINGS	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Secured		
Working Capital Demand Loans	23,034	23,034
Cash Credit Facilities	617,428	605,558
Unsecured		
Loans From Other Parties	124,500	17,500
TOTAL	764,962	646,091

4.1 Working Capital Demand Loans and Cash Credit facilities from Banks shown above are secured by pari-passu, first charge on inventories, receivables, movable fixed assets of the Company and equitable mortgage of the Company's immovable properties viz. land measuring 11.02 acres situated at Thiru. Vi. Ka. Industrial Estate, Guindy, Chennai and another land measuring 2.56 acres at Lucky Bungalow premises in Guindy Industrial Estate, Chennai together with Buildings and erections thereon.

4.2 The Company is in default in respect to the repayments of Principal and Interest as under:
Secured (Working Capital Demand Loans & Cash Credit Facilities)

Period of Default	Amounts	
	Principal	Interest
More than 5 years	640,462	466,021
More than 3 to 5 years	-	438,752
More than 1 to 3 years	-	610,535
June '11	-	89,451
Sep '11	-	119,876
Dec '11	-	115,651
Mar '12	-	113,615
Total	640,462	1,953,901

"5" - TRADE PAYABLE	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Sundry Creditors (Refer Note No. 33)	1,613,028	1,504,755
TOTAL	1,613,028	1,504,755

Sundry Creditors includes Rs. 92,810 thousands (Previous year Rs. 93,230 thousands) due to Holding Co.

"6" - OTHER CURRENT LIABILITIES	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Current maturities for Long term unsecured loan from Govt. of India	62,420	62,420
Interest accrued and due on Borrowing	2,165,405	1,711,790
Advance from Customers	366,700	275,200
Other Payables		
Earnest Money Deposit	2,480	2,057
Statutory Dues Payable	1,328,704	1,334,803
Other Liabilities	72,853	82,552
TOTAL	3,998,562	3,468,822

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

Loan from Govt. of India

Period of Default	Amounts	
	Principal	Interest
More than 5 years	62,420	136,814
More than 3 to 5 years	-	29,626
More than 1 to 3 years	-	30,042
June 11	-	3,755
Sep '11	-	3,755
Dec '11	-	3,755
Mar '12	-	3,756
Total	62,420	211,503

6.2 Advance from Customers includes Rs. 366,700 thousands (Previous year Rs. 275,200 thousands) from Holding Co.

"7" - TANGIBLE FIXED ASSETS AS PER COMPANIES ACT AS AT 31st Mar, 2012

Sr.No.	Description	Gross Block			Depreciation			Net Block			
		Figures as at 31st Mar, 2011 Rs. In 000s	Addition Rs. In 000s	Deduction Rs. In 000s	Figures as at 31st Mar, 2012 Rs. In 000s	Upto 31st Mar, 2011 Rs. In 000s	For the Period Rs. In 000s	Deduction Rs. In 000s	Upto 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
1A	Land - Freehold	588	-	-	588	-	-	-	-	588	588
1B	Land - Leasehold *	244	-	-	244	-	-	-	-	244	244
2	Building	44,741	-	-	44,741	35,136	1,157	-	36,293	8,448	9,605
3	Plant & Machinery	430,380	-	-	430,380	403,261	2,263	-	405,523	24,857	27,119
4	Airconditioning Plant	7,439	-	-	7,439	7,411	15	-	7,426	14	28
5	Furniture & Fixtures	15,670	-	-	15,670	15,625	26	-	15,651	20	45
6	Office Equipments	7,647	-	-	7,647	7,614	17	-	7,631	16	33
7	Data Processing Equipment	20,642	13	-	20,655	20,390	137	-	20,527	128	252
8	Vehicle	1,170	-	-	1,170	1,018	48	-	1,066	104	152
	TOTAL	528,521	13	-	528,533	490,455	3,663	-	494,117	34,417	38,065
	Previous Year	528,494	26	-	528,520	484,866	5,589	-	490,455	38,065	

"8" -INVENTORY	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Stores & Spares	5,324	5,324
Less : Provision for Non Moving	5,324	5,324
	-	-
Materials & Components	188,241	188,378
Less : Provision for Non Moving	180,482	180,482
	7,759	7,896
Work in Progress	11,545	11,545
Less : Provision for Non Moving	11,545	11,545
	-	-
Finished Goods	49,530	49,530
Less : Provision for Non Moving	49,530	49,530
	-	0
TOTAL	7,759	7,896

"9" -TRADE RECEIVABLES	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Unsecured, considered good (Debts outstanding For a period Exceeding six month)		
Considered good	688,051	688,561
Considered Doubtful	346,001	346,001
	1,034,052	1,034,562
Less: Provision for Doubtful Debts	346,001	346,001
	688,051	688,560
Others	-	1,005
TOTAL	688,051	689,566

"10" -CASH & CASH EQUIVALENTS	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Balance with Scheduled Banks in Current Accounts	7,626	8,181
Fixed Deposit Accounts *		
Bank Deposit with more than 12 months maturity	98,852	100,620
Other		
Cash on Hand	202	152
TOTAL	106,680	108,953

* Balances with banks to the extent held as margin money is of Rs. 98,852 thousands (Previous Year 100,620 thousands)

"11" - SHORT TERM LOANS AND ADVANCES	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Unsecured, considered good		
Loans to Employees	97	163
Other Loans and Advances		
Advances Recoverable in cash or in kind	4,774	3,543
Balance with Customs, Excise etc.	44	44
Advance income tax	29,122	27,997
Deposits - Others	42,093	44,039
	76,130	75,786
Unsecured, considered doubtful		
Loans to Employees	-	-
Other Loans and Advances		
Advances Recoverable in cash or in kind	37,567	37,567
Balance with Customs, Excise etc.	8,996	8,996
	46,562	46,562
Less: Provision for Doubtful advance	46,562	46,562
	-	-
TOTAL	76,130	75,786

"12" - OTHER CURRENT ASSETS	Figures as at 31st Mar, 2012 Rs. In 000s	Figures as at 31st Mar, 2011 Rs. In 000s
Claims Receivable	44,247	44,247
Less: Provision for claims - Siemens	9,547	9,547
	34,700	34,700
Fixed Asset held for sale	1,374	1,374
Interest Receivable on FDR	-	-
TOTAL	36,074	36,074

"13" - REVENUE FROM OPERATIONS	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Sales of Product	40	592
Sales of Services	1,273	11,160
Other Operating Income	-	-
Less: Excise Duty	(5)	(3)
TOTAL	1,308	11,749

"14" -OTHER INCOME	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Interest Income Gross (TDS Rs.936 thousands/- previous year Rs.645 thousand.)	8,373	7,232
Rent	796	991
Foreign Exchange Fluctuation Gain	-	6,332
Profit on Disposal of Fixed Asset	-	-
Excess Provision Written back (refer note no. 29b)	117,655	30,054
Scrap sales	5	52
Miscellaneous	3	313
TOTAL	126,832	44,974

"15" -COST OF GOODS CONSUMED	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Opening Balance	188,378	188,421
Add : Purchases during the year*	1,052	498
Less: Closing Stock	188,241	188,378
TOTAL	1,189	541

"16" -CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Closing Stock:		
Work in Progress	11,545	11,545
Finished Goods	49,530	49,530
	61,075	61,075
Less:Excise Duty on (Increase)/ Decrease of Finished Stock	-	-
	61,075	61,075
Less: Opening Stock		
Work in Progress	11,545	11,545
Finished Goods	49,530	49,530
	61,075	61,075
CHANGE IN STOCK	-	-

"17" -EMPLOYEE BENEFIT EXPENSES	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Salaries and Wages	103,604	124,197
Contribution to provident & other fund	8,969	10,916
Gratuity Expenses	25,646	15,824
Welfare expenses	10,995	12,504
Provision for Retirement Benefits	-	-
TOTAL	149,214	163,441

"18" -FINANCE COST	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Interest Expenses	542,336	429,040
Other Borrowing Cost	1,247	1,400
Net Gain /Loss on foreign currency translation and transaction	-	-
TOTAL	543,583	430,440

"19" OTHER EXPENSES	Figures for the year ended on 31st Mar, 2012 Rs. In 000s	Figures for the year ended on 31st Mar, 2011 Rs. In 000s
Consumption of Stores & Spare Parts and other direct cost		
Site Expenses	-	-
Consumable Stores	2	-
Cartage Inward	-	-
Other Direct Expenses (Testing, Packing etc.)	-	-
Outside Labour Charges on Component	330	5,275
Foreign Exchange Fluctuation	148,854	-
Payment to the Auditor		
As Audit Fee	896	896
As Tax Audit	110	110
For Other Services	110	-
Reimbursement of Expenses	174	25
Rent	724	673
Freight & Transportation Expenses	37	44
Power & Fuel	2,562	3,226
Research & Development Expenses	-	1
Insurance Expenses	944	686
Rates & Taxes	1,141	2,120
Repair & Maintenance - Building	2,294	2,532
- Machinery	-	-
- Others	314	243
Installation & Maintenance	65	58
Travelling & Conveyance Expenses	2,189	2,673
Directors Sitting Fees	33	30
Telephone Expense	462	535
Liquidated Damages on Sales	5,323	-
Provision for claims	-	9,547
Write-Off- Debtors (Sales Tax)	2,222	-
Donation	-	6
Office Exp.	203	430
Vehicles- Running & Maintenance(CAR)	117	237
Security Charges	3,142	3,127
Legal & Professional Expenses	4,459	3,554
Prior Period Expenses	-	11,063
Miscellaneous Expenses	654	621
TOTAL	177,361	47,710

20. NATURE OF OPERATIONS

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

21. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies Accounting Standards Rules, 2006 (as amended) and other relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery at site. Revenue in respect of sales orders received on provisional price basis, is recognized on a provisional basis except to the extent stated otherwise (Refer Note 28 (a) below). In respect of such sales orders, the Company recognizes the differential revenue, being the difference between provisional price and the final price, at the time when the provisional price gets firmed up.

c. Fixed Assets

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



the accounts and any gain or loss resulting from their disposal is included in the Profit and Loss Account.

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

d. Depreciation

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

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

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

e. Inventory Valuation

Inventories are valued as follows:

- (i) Materials, Components and Stores & Spares: Lower of cost and net realizable value.
Cost is determined on a quarterly moving weighted average basis.

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

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

f. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

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

g. Retirement and other Employees' Benefits

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

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

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

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

h. Miscellaneous Expenditure

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

i. Income Tax

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

j. Earnings Per Share

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

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

l. Provisions

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

m. Cash and Cash Equivalents

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

23: Contingent Liabilities (not provided for):

	PARTICULARS	(Rupees in thousands)	
		31, Mar 2012	31, Mar 2011
A.	Unredeemed bank guarantees.	67,579	81,082
B.	<u>Demands received from excise/sales tax /income tax authorities. *</u>		
(a)	Interest on delayed payment of sale tax – for 2000-2001	6,259	6,259

* Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Company, the Management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

24: The Company has incurred loss of Rs. 746,871 thousands (Previous year Rs.591,000 thousands) during the current year and has accumulated losses of Rs.5,663,159 thousands (Previous year Rs. 4,916,288 thousands) as at March 31, 2012, resulting in negative net worth of Rs. 5,513,159 thousands (Previous year Rs.4,766,287 thousands). The Company's current liabilities exceed its current assets by Rs. 5,461,857 thousands (Previous year Rs. 4,701,394 thousands) as of that date. Further, the Company has overdrawn borrowings from banks by Rs. 500,428 thousands (Previous year Rs. 574,955 thousands) and also has overdue loans from Government of India amounting to Rs. 62,420 thousands (Previous year: Rs.62,420 thousands) together with interest accrued and due thereon of Rs. 211,503 thousands (Previous year: Rs 196,482 thousands). The turnover during the period ended 31, March 2012 is Rs. 1,308 thousands (Previous Year: Rs. 11,749 thousands). Due to lack of working capital required, the operations of the company have been substantially curtailed. The Company has already made reference to Board for Industrial and Financial Reconstruction under Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, and has since, been declared as a Sick Industrial Company vide order no. 261/2003 dated June 16, 2009. Subsequently, State Bank of India, on behalf of the consortium banks, issued a notice to the Company u/s 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) requiring the Company to discharge its full dues and attached the freehold surplus land mortgaged to the extent of 11.02 acres and 2.56 acres.

The Company's ability to continue as a going concern in spite of the present losses is dependent upon infusion of funds for its operations. In the earlier years,

the Company had decided to sell the free hold land of 11.02 acres ('the land') situated in the Developed plot in Thiru Vi Ka Industrial Estate, Guindy Chennai and had held an e – auction at a value of Rs.27.10 crores per acre after obtaining the permission of the Ministry of Communications and Information Technology. However based on the request of Small Industrial Development Corporation ('SIDCO'), the Government of Tamil Nadu decided to take back the land and to pay market value prevailing on the date of the relinquishing of the land. SIDCO informed that the Company did not obtain the permission from the Department of Industries & Commerce as per the condition laid down in the Assignment Deed before the auction. Subsequently, the Company has obtained a favorable order against the actions taken by SIDCO / Government of Tamilnadu from the Madras High Court. The Writ Appeal filed by the Government of Tamil Nadu against this has also been dismissed by the Division Bench of High Court of Madras. Further, the Special Leave Petition (SLP) filed by Govt. of Tamilnadu before the Supreme Court has been dismissed by the Supreme Court.


The State Bank of India (SBI), leader of the Consortium of Banks has taken formal possession of the above lands on 29.06.2009 under SARFAESI ACT. Since the BIFR has not agreed for abatement of their proceedings as pleaded by SBI during the hearing held on 27.8.2009, SBI made an appeal before the Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and obtained a stay on 13.1.2010. The AAIFR in their order dated 13.10.2010 in the said appeal abated the proceedings of the Company's reference before BIFR and permitted SBI to proceed with action initiated under SARFAESI ACT for realizations of their dues.

The Hon'ble High Court of Madras while disposing a Miscellaneous Petition in the Sales Tax Case No. WP. 15104/2007 passed orders directing that (1) the SBI is permitted to sell the said land ; (2) the sale shall be conducted in a transparent manner in accordance with the procedure under SARFAESI ACT ; (3) the sale proceeds of the said land shall be kept in a separate account by SBI subject to further orders of the Court; (4) on receipt of the sale proceeds, the Commercial Tax Department, SBI or the petitioner viz., HTL to move this Court for orders for appropriation; and (5) no amount consequent to the sale shall be appropriated by any party without the orders of the Court.

Subsequently, SBI issued a public advertisement on 3.1.2011 fixing the e-auction on 17.2.2011. Since no Earnest Money Deposit (EMD) was received within the stipulated time, SBI re-scheduled the e-auction date on 9.3.2011. No EMD was received within the re-scheduled stipulated time and the prospective bidders insisted for a No Objection Certificate from SIDCO for utilizing the said land for residential projects since the sale deed of SIDCO executed in favour of the Company stipulates that it can be used for industrial purposes only. The No Objection Certificate has been received and SBI proposes to sell the said land of the Company under SARFAESI Act. As the Management is confident to sell the said land under SARFAESI Act as proposed by the Bank, the proceeds of which will be available to settle its outstanding liabilities.



The Company is also expecting further orders for Telecom Towers and Integrated Fixed Wireless Terminals. In expectation of the successful outcome of the above proposals, the financial statements have been prepared on a going concern basis.

- 25: Secured loans from banks and interest accrued and due include Rs. 953,075 thousands (Previous year Rs. 787,899 thousands) on account of dues to IndusInd Bank and Axis Bank as the Banks have assigned the loans to Pegasus Assets Reconstruction Private Limited (an Asset Management Company).
- 26: a) Working Capital Demand Loans and Cash Credit facilities from Banks shown in Note 4 are secured by pari-passu first charge on the inventories, receivables, moveable fixed assets of the Company and equitable mortgage of the Company's immovable properties viz. land measuring 11.02 acres situated at Thiru Vi Ka Industrial Estate, Guindy Chennai and another land measuring 2.56 acres at Lucky Bungalow Premises in Guindy Industrial Estate, Chennai together with buildings and erections thereon.
- b) Loan of Rs. 62,420 thousands (Previous year Rs.62,420 thousands) together with interest accrued and due thereon of Rs. 211,503 thousands (Previous year Rs. 196,482 thousands) is due to Government of India (GOI). As at March 31, 2012, total loan of Rs. 62,420 thousands (Previous year Rs 62,420 thousands) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust Rs.34,700 thousands compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan.[Refer Note.30 below].
- 27: a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 27.30 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Company are in progress. In respect of the balance land of 3.69 acres, the name of the Company has not been entered in the revenue records of Government of Tamil Nadu.
- b) The Company has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Company from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under Lease cum Sale agreement in 1983. The Estate
- 

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

As per the above direction, the Industries Department of Government of Tamilnadu have constituted a Committee with two members from Government, two members representing SIPCOT and three members representing the Company under Chairmanship of the Principal Secretary to Government, Industries Department on 16.06.2011.

Meetings have been held and final decision of this Committee is awaited to resolve the dispute over the resumption of the land.

- 28: (a) As at 01.04.2011, aggregate sales amounting to Rs. 1,488,112 thousand (Previous year Rs.1,488,112 thousands) inclusive of excise duty and sales tax (as certified by the management) was pending fixation of final price from Bharat Sanchar Nigam Limited (BSNL) (formerly Department of Telecom Services) and had been accounted for on provisional price basis in earlier years. Out of the above, provisional sales of Rs. NIL (Previous year Rs. NIL thousands) was firmed up during the year and the balance are still pending for firm price fixation. The impact of the firm price orders, which can be higher or lower than the provisional price, will be reflected in the books as and when such firm price is fixed by BSNL.
- (b) From May 11, 2002, against the sales made to BSNL and MTNL, central sales tax at the concessional rate of 4% has been charged against C Forms to be received from them. The Company has performed reconciliation of C Forms received and the sales made till the year ended March 31, 2007 and provided for Rs.98,700 thousands against the tax liability for the cases where C Forms has not been collected till date.
- 29: (a) Sundry Debtors include Rs. 134,185 thousands (Previous year Rs.134,185 thousands) debited to BSNL in an earlier year pertaining to differential sales tax over and above 4 % in respect of purchase orders where scheduled delivery fell after 30.09.2000 and where actual delivery was executed subsequent to 30.09.2000 and upto 31.03.2001. Upto the close of the year, only Rs. 3,242 thousands (Previous year Rs.3,242 thousands) have been received out of the total debit notes of Rs. 9,544 thousands (Previous year Rs.9,544 thousands) raised on



BSNL so far against the above recoverable amount. However, no provision is considered necessary against the outstanding balance as the management is fully hopeful of recovery of the entire amount.

(b) Assessment for the 1993-94 to 1999-2000 has been completed & finalized after submitted 'C' and 'D' forms. Accordingly, amount provided towards liabilities amounting to Rs. 83,073 thousand has been written back in the current year and included under the head 'Other Income'.

- 30: Claims receivable includes Rs.34,700 thousands receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for preclosure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government of India Loan. In reply, the Company requested DoT vide letter no.43.12 ETP dated 08.12.2003 to adjust the compensation amount of Rs.34,700 thousands against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of Rs.34,700 thousands compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. [Refer Note 26(b) above].
- 31: In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, since the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.
- 32: a) Based on information available with the Company, there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.
- b) Sundry Creditors as on March 31, 2012 represents payables for which balances have not been confirmed by the vendors / suppliers and the same is subject to reconciliation. However the management believes that there will not be any material change to the balances as reflected in the books of accounts as on March 31, 2012.

33: Related party disclosures

List of related parties -

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

Holding company: Himachal Futuristic Communications Limited (HFCL)

Fellow subsidiaries: Moneta Finance Private Limited

Associate Companies of Holding Company: Exicom Telesystems Limited (ETL)

Key management personnel: Mr. D.P.Gupta,
Chief Operating Officer and Manager

Dr. R.M.Kastia
Whole Time Director

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances at March 31, 2012 and March 31, 2011 are presented in the following table:

(Rs. In thousands)

Particulars	2011-12		2010-11	
	Holding Company	Entities Under Common Control	Holding Company	Entities Under Common Control
Name of the Party	HFCL	ETL	HFCL	ETL

a. Transactions during the year

Rent received	352	212	343	328
Expenses recovered	101	(1)	95	115
Purchase of goods		-	1,641	-
Sale of services		-	3,441	-
Advance Received/ Transfer	91,500	20,422	2,55,000	-

b. Balances

Creditors	92,810	(95)	93,230	20,538
Advances payable (Net)	366,700*	-	2,75,200*	-

* includes amount received Rs. 275,200 thousands from Sunvision Engineering Company which had been amalgamated with HFCL with effect from 01.01.2011 as per Hon'ble High Court of Himachal Pradesh sanction under composite scheme of Arrangement and Amalgamation.

34: Segmental Reporting

a. Primary Segment Information (by Business Segments)

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

b. Secondary Segment Reporting (by Geographical Segments)

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

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

(Rs. In thousands)

Particulars	Year Ended March 2012		Year Ended March 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the beginning of the period	78,208	25,435	87,356	30,363
Current service cost	1,988	773	3,064	854
Interest cost	5,212	1,667	5,987	2,087
Past Services	-	-	-	-
Actuarial (gain) / losses	1,875	6,608	6,845	682
Benefits paid	(26,121)	(9,194)	(25,044)	(8,551)
Obligations at the end of the period	61,161	25,289	78,208	25,435
Change in plan assets				
Plan assets at period beginning, at fair value	680	-	842	-
Expected return on plan assets	54	-	58	-
Actuarial gain /(loss)	(2)	-	14	-
Contributions	576	9,194	24,810	8,551
Benefits paid	(576)	(9,194)	(25,044)	(8,551)
Plan assets at period end, at fair value	733	-	680	-
Reconciliation of present value of the obligation and the fair value of plan assets				
Fair value of plan assets at the end of the year	733	-	680	-
Present value of defined benefit obligations at the end of the period	61,161	25,289	78,208	25,435
Asset/ (Liability) recognised in the balance sheet	(60,429)	(25,289)	(77,528)	(25,435)
Gratuity cost for the period				
Current service cost	1,988	773	3,064	854
Interest cost	5,212	1,667	5,987	2,087
Past Services	-	-	-	-
Expected return on plan assets	(54)	-	(58)	-
Actuarial (gain) / losses	1,874	6,608	6,831	682
Net gratuity cost	9,020	9,048	15,824	3,623

Particulars	Year Ended March 2012		Year Ended March 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	61,161	25,289	78,208	25,435
Plan Assets	733	-	608	-
Surplus / (deficit)	(60,429)	(25,289)	(77,528)	(25,435)
Experience adjustments on plan liabilities (Loss) / Gain	(1875)	(6,608)	(6,845)	(1,142)
Experience adjustments on plan assets – Gain / (Loss)	2	-	14	-
Assumptions:				
Interest rate	8%	8.6%	8%	8.6%
Estimated return on plan assets	8%	-	8%	-
Weighted average increase in compensation	5%	5%	5%	5%
Attrition Rate	1%	1%	1%	1%
Retirement expectancy in years	58	58	58	58

36: Earnings Per Share:

	March 31, 2012	March 31, 2011
Number of Equity Shares outstanding at the end of the year of Rs. 100 each fully paid up	1,500,000	1,500,000
Loss for the year (Rs. In thousands)	746,871	591,000
Basic and Diluted Earnings Per Share (in Rs.)	(497.91)	(394.00)

37: Value of imports on CIF basis

(Rs.in thousands)

	Particulars	2011-12	2010-11
i)	Materials and Components	810	-
ii)	Capital Goods	-	-

38: Expenditure in foreign currency (on payment basis)

(Rs. in thousands)

	Particulars	2011-12	2010-11
	Purchase of Material	895	-

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

Particulars	2011-12		2010-11	
	%Age	Value	%Age	Value
Imported	63	792	0	0
Indigenous	37	396	100	541
Total	100	1188	100	541

40: Earning in Foreign Currency (On Cash Basis)

Earnings	2011-12	2010-11
	-	-

41: Remuneration paid to Whole Time Director*:

(Rs. in thousands)

	2011-12 #	2010-11*
Salary and Allowances	11,267	15,898
Contribution to Provident Fund	518	1,192
Other Benefits	94	1,008
Total	11,879	18,098

*As the Government of India approval received vide communication dt. 19.11.2010 with effect from 1 February, 2009, the remuneration payable from 1 February, 2009 to 31, March 2011 amounting to Rs. 9,326 thousands has been accounted under prior period expenses and Rs. 8,772 thousands under the current year expenses for 2010-11.

During the year, the Whole Time Director Dt. R.M. Kastia's term has ended on 31st January, 2012 as per the Government of India approval dt. 19.11.2010. Hence, the remuneration paid from April 2011 to January 2012 has been charged to Profit and Loss Account. Further, Dr. R.M. Kastia has been re-appointed as Whole Time Director in the Board Meeting held on 30th March, 2012. The remuneration paid / payable from 1st February 2012 to 31st March 2012 amounting to Rs.1,502 thousands instead of being charged to Profit & Loss Account, has been deferred and shown as recoverable, pending approval of Government of India.

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

(Rs. in thousands)

	2011-12	2010-11
Salary and Allowances	2,145	2,145
Contribution to Provident Fund	115	115
Other Benefits	244	244
Total	2,504	2,504

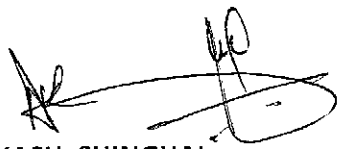
*The share of Gratuity and Leave liability of accumulated benefit have not been ascertained separately and not included above

- 43: The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Currency	March 31, 2012		March 31, 2011	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	21,746,281	1,125,303,915	21,764,281	980,405,810
	EURO	599,133	41,203,898	599,133	38,185,764
	JPY	510,250	321,521	510,250	279,234

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

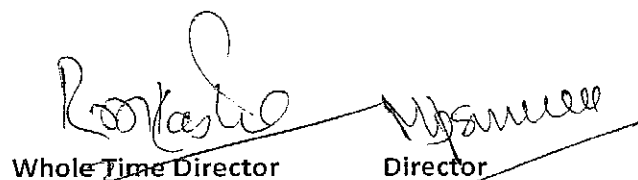
For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration Number 105049W



AKASH SHINGHAL
Partner
Membership 103490

Place : New Delhi
Date : May 29, 2012

For and on behalf of the Board of Directors



Whole Time Director Director



Company Secretary

HTL LTD.

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

ATTENDANCE SLIP

I hereby record my presence at the 51st Annual General Meeting held on **Friday, the 21st September 2012 @ 12 .00 noon** at GST Road, Guindy, Chennai - 600 032.

Name :

Folio No. :

No.of Shares :

Address :

Member's / Proxy's Signature

PROXY FORM

HTL LTD.:

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

I/We.....of
..... in the district of..... being a Member of
above named Company hereby appoint
of..... in the district of..... as my / our proxy to vote
for us on my / our behalf at the Annual General Meeting of the Company to be held on
Friday, the 21st September, 2012 at 12.00 noon and at any adjournment thereof.

Signed this day of September, 2012.

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

Affix 1 Rupee Revenue Stamp

Notes:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be a Member.