

HTL LTD.

Registered Office: GST Road, Guindy , Chennai – 600 032.

52nd Annual Report 2012-13

Date of Annual General Meeting: 23rd August 2013 @12 Noon

**Venue: Registered Office,
GST Road,
Guindy,
Chennai – 600 032.**

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HTL LTD.**Registered Office: GST Road, Guindy, Chennai - 600 032****NOTICE**

Notice is hereby given that the Fifty Second Annual General Meeting of HTL Ltd. will be held on **Friday, the 23rd August 2013 @ 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, 2013 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of **Shri M.P.Shukla** 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 **Shri D.P.Gupta** , Chief Operating Officer as Manager of the Company:

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

“ **RESOLVED THAT** pursuant to the provisions of Sections 198,269, 385,387,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 **Shri D.P.Gupta** , Chief Operating Officer as the Manager of the Company w.e.f.25.6.2012 for a period of one year 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 2013-2014 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 : 15th July 2013

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 Shri D.P.Gupta Chief Operating Officer as Manager:

Shri D.P.Gupta is a B.E.(Hons.) engineer in Electronics is having 40 years of rich experience , out of which more than 23 years in top level management in reputed Telecom Companies. He has handled various assignments in General Management & Operations, Project Implementation, Technology Absorption & Indegenisation, Marketing & Business Development and Consumer Support. Immediately before his appointment in the Company, he was Senior Vice President (Operations) in Elcom Systems, Punjob, Sun Group Enterprises. Presently, he is holding charge of all the operations of the Company viz., manufacturing, marketing, finance and administration.

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 Shri D.P.Gupta , Chief Operating Officer as Manager is for a period of one year w.e.f.25.6.2012 on the terms and conditions including remuneration and the same has been approved by the Remuneration Committee and the Board on 25.9.2012. A copy of the re-appointment letter of Shri D.P.Gupta is enclosed as **Annexure – II**. The same may be treated as the abstract of the terms and conditions of the re-appointment of the Manager under Section 302 of the Companies Act,1956 .

Shri D.P.Gupta 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.

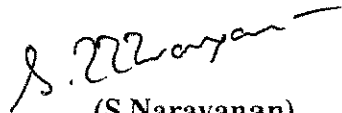
M/s. Khandelwal Jain & Co is the retiring auditors of the Company. A certificate from the above auditors has been received to the effect that their appointment, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. The Board of Directors recommend the resolution for the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

Place: Chennai
Date : 15th July 2013


(S.Narayanan)
Company Secretary

Statement as per proviso (iv) of Part (B) 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>2009-10</th> <th>2010-11</th> <th>2011-12</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>3111.18</td> <td>567.23</td> <td>1281.39</td> </tr> <tr> <td>Net Profit / (Loss)</td> <td>-4363.68</td> <td>-5910.00</td> <td>-7,468.71</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>	Financial Parameters	Years			2009-10	2010-11	2011-12	Turnover	3111.18	567.23	1281.39	Net Profit / (Loss)	-4363.68	-5910.00	-7,468.71	Amount of dividend paid	Nil	Nil	Nil	Rate of dividend paid	NA	NA	NA
Financial Parameters	Years																								
	2009-10	2010-11	2011-12																						
Turnover	3111.18	567.23	1281.39																						
Net Profit / (Loss)	-4363.68	-5910.00	-7,468.71																						
Amount of dividend paid	Nil	Nil	Nil																						
Rate of dividend paid	NA	NA	NA																						
(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	Shri D.P.Gupta is a B.E.(Hons.) engineer in Electronics is having 40 years of rich experience, out of which more than 23 years in top level management in reputed Telecom Companies. He has handled various assignments in General Management & Operations, Project Implementation, Technology Absorption & Indegenisation, Marketing & Business Development and Consumer Support. Immediately before his appointment in the Company, he was Senior Vice President (Operations) in Elcom Systems, Punjab, Sun Group Enterprises. Presently, he is holding charge of all the operations of the Company viz., manufacturing, marketing, finance and administration.																							

(2)	Past remuneration	Organisation	Period	Total Amount	
				(Rs)	
		HTL LTD , Chennai	11.4.2009 to 31.3.2010	25,04,336	
		HTL LTD , Chennai	1.4.2010 to 31.3.2011	25,04,336	
		HTL LTD , Chennai	1.4.2011 to 31.3.2012	25,04,336	
(3)	Recognition or awards	Nil			
(4)	Job Profile and his suitability	He is holding charge of all the operations of the Company viz., Manufacturing, Marketing, Finance and Administration.			
(5)	Remuneration proposed	He is having more than 23 years of experience in top level management in reputed Telecom Companies.			
		Proposed remuneration as approved by the Remuneration Committee & Board of Directors in their meeting held on 25.9.2012 subject to the approval of the Shareholders and the Central Government, New Delhi.			
		Period From 25.6.2012 to 24.6.2013			
		Item Description	Rs. Per Month	Rs. Per Annum	
		Basic Salary	100000	1200000	
		Housing *			
		Special Allowance	50000	600000	
		Other Allowance	7080	84960	
		Medical	1250	15000	
		LTA	8330	99960	
		Sodexho Gift Coupons	5000	60000	
		Sodexho Meal Coupons	3300	39600	
		Hard Furnishing		50000	
		Conveyance	20000	240000	
		Performance Linked Incentive		450000	
		Insurance Premia (max.)**		12000	
		Contribution to Provident Fund	12000	144000	
		Contribution to Gratuity		57692	
		Leave Encashment (Max.)**		66667	
		TOTAL		3119879	
		* Rs.9,000/- P.M. will be deducted for accommodation provided by the Company. ** Subject to Actuals.			

(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)	Shri D.P.Gupta was drawing a CTC salary of Rs.30,00,000/- per annum during his previous employment with Sun Group Enterprises as Vice President (Operations). Hence his remuneration is either at par or less than the remuneration drawn by persons of similar qualifications and experience in Telecom Companies.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Shri D.P.Gupta is not related to any of the Directors of the Company.
III Other information		
(1)	Reasons of loss or inadequate profits.	The major reasons for losses are: 1. Sharp decline in orders for switching due to decline in landlines. 2. Steep fall in contributions due to undercutting by MNCs.. 3. Denial of facility of exemption from furnishing of Bid Bond Security and Performance Bank Guarantee after disinvestment. 4. The Working Capital limits sanctioned during 2000 have not been refixed by Banks in tune with the requirements of the Company. 5. Increase in incidence of interest costs due to delay in clearing the overdues. 6. 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	Not Applicable



HTL Ltd.,
Registered Office:
GST Road, Guindy
Chennai 600 032
(INDIA)

Ref: OAS/2/Appt.
Dated : 25th June, 2012

Mr. D.P. Gupta
HTL Senior Executives House No. 1
HTL Campus
HTL Ltd., GST Road
Guindy, Chennai 600 032

Dear Mr. Gupta,

In terms of your appointment letter dated June 18, 2007, the Management is pleased to extend your engagement period by one year from June 25, 2012 to June 24, 2013.

Your monthly remuneration would be as per Annexure I attached.

All other terms and conditions mentioned in your appointment will remain the same.

Yours sincerely,
For HTL LTD

MAHENDRA NAHATA
CHAIRMAN

Encl : Annexure I

Annexure I

NAME : MR. D.P. GUPTA
 POSITION : COO

SALARY DETAIL:

Emoluments	Per month	Per annum
Basic Salary	1,00,000	12,00,000
Housing		Company Accomodation*
Special Allowance	50,000	6,00,000
Other Allowance	7,080	84,960
Medical	1,250	15,000
LTA	8,330	99,960
PF	12,000	1,44,000
Total (A)	1,78,660	21,43,920

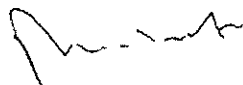
Applicable entitlements as per statutory regulations and co. rules:

Leave Encashment		66,667
Gratuity		57,692
Insurance (Notional)		12,000
Total (B)		1,36,359

Conveyance	20,000	2,40,000
Sodexo Gift Coupons	5,000	60,000
Sodexo Meal Coupons	3,300	39,600
Hard Furnishing		50,000
PLI (Performance Linked Incentive)		4,50,000
Total (C)		8,39,600

CTC (A+B+C) **31,19,879**

*The company will provide residential accommodation in its premises/housing colony for which a sum of Rs. 9,000.00 per month would be deducted from your salary towards the accommodation inclusive of water and electricity charges.



MAHENDRA NAHATA
 CHAIRMAN

HTL LTD.

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 52nd Annual Report and Audited Accounts for the financial year ended 31st March 2013.

FINANCIAL RESULTS

(Rs. in crore)

PARTICULARS	2012-13 Rs.	2011-12 Rs.
Sales, Services and Other Income	82.21	12.81
Profit (loss) Before Depreciation, Finance Charges and Taxation	58.73	(19.96)
Less: Depreciation	0.29	0.37
Finance Charges	58.56	54.36
Net Loss for the year	(0.12)	(74.69)
Add: Loss Brought Forward from Previous Year	(566.32)	(491.63)
Deficit carried to the Balance Sheet	(566.44)	(566.32)

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 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 could not arrive at a mutually acceptable solution since both sides viz., SIPCOT and HTL stood their ground. In the said circumstance, the Company has filed a writ in the Hon'ble High Court of Madras with a prayer to quash the resumption order of SIPCOT and also to direct SIPCOT to execute and register a sale deed in favour of the Company. The Company further prayed for an interim injunction restraining SIPCOT from initiating any coercive or other proceedings of resumption of the said portion of this land pending the disposal of this Writ. The Hon'ble High Court of Madras granted an interim stay and the hearing is in progress.

- (2) The State Bank of India (SBI) , leader of the Consortium of Banks has taken over the possession of free hold vacant lands belonging to the Company on 29.6.2009 under SARFAESI Act since the Company could not repay its dues. The SBI has made attempts to sell one piece of vacant land measuring 10.162 acres thru' e-auction four times i.e on 17.2.2011, 9.3.2011, 5.10.2012 and 23.1.2013 by giving necessary advertisements in leading Newspapers but no bid was received in any of these attempts. In the said circumstances, it was decided at the consortium meeting of banks held on 7.3.2013 to sell the said land to any prospective buyer who is willing to pay the reserve price of Rs.250 crores or more on private treaty basis. M/s. VGN Developers Private Ltd. , Chennai has offered a price of Rs.272 Crores to SBI in March 2013 and SBI accepted the said offer with an advance payment of 10 % and has given 90 days time to remit the balance amount. The said sale is expected to complete in June 2013.
- (3) The Company has settled the Differential Sales Tax liability by availing the Samadhan Scheme announced by the Government of TamilNadu under the TamilNadu Sales Tax (Settlement of Arrears) Act, 2011 by remitting the stipulated amount of Rs. 15,72,37,353/- on 23.4.2012 i.e., 40% of tax dues and interest @ 7.5% per annum on the said amount for the period from the date of assessment order to the date of application. Necessary entries have been passed in the books of account by writing back the provision of Rs. 79,24,13,233/-.

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 2013-14.

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	2012-13 (Rs.)	2011-12 (Rs.)
Sale of Products	61.83	0.40
Sale of Services	0.82	12.68
TOTAL	62.65	13.08

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 2013-14. 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 M.P.Shukla 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, 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent (read with Note No. 23 of Notes to the Audited Statement of Accounts) so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a going concern basis subject to the position as clarified in Note No. 25 of Notes to the Audited Statement of Accounts.

AUDITORS

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

AUDITORS' REPORT

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

PERSONNEL

The manpower strength at the close of the year was 131 as compared to 169 at the beginning of the year.

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

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

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : New Delhi
Date : 26th April 2013

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. 25 in the financial statements, the Company incurred a net loss of Rs. 1,185 thousands during the year and has accumulated losses of Rs 5,664,344 thousands as at March 31, 2013, which has resulted in negative net worth of Rs. 5,514,344 thousands. The Company's current liabilities have exceeded its current assets by Rs 5,495,100 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 245,653 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands and interest accrued and due thereon of Rs. 226,524 thousands. The turnover during the current year is only Rs. 6,265 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 Turnkey Integration work for laying of Optical Fibre Cable. 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 in the financial year 2013-14 with the requisite working capital to be sanctioned by its Bankers since the SBI has already entered into an agreement for sale of the vacant land in March 2013 and the said sale is expected to be completed by June 2013.

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 since April 2009. 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.25 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 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 and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

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

Reply of the Board:

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

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' Observation:

Para (ix)(b): 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 on account of any dispute, are as follows:

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

Reply of the Board:

The said income-tax due is the provision 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.

4. 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.245,653 thousands. As at March 31,2013 interest accrued and due on these loans was Rs.24,84,475 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, 2013, short term funds to the tune of Rs5,495,100 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. 1,29,73,766 /-
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

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, 2013.

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 2012-13 towards recurring expenditure on R&D.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in '000)

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

INDEPENDENT AUDITOR'S REPORT

**To the Members,
HTL Limited**

1. Report on the Financial Statements

We have audited the accompanying financial statements of **HTL Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Basis of Qualified Opinion

As mentioned in Note No. 25 in the financial statements, the Company incurred a net loss of Rs.1,185 thousands during the year and has accumulated losses of Rs 5,664,344 thousands as at March 31, 2013, which has resulted in negative net worth of Rs. 5,514,344 thousands. The Company's current liabilities have exceeded its current assets by Rs 5,495,100 thousands as at that date. Further, the Company has overdrawn borrowings from banks by Rs. 245,653 thousands and also has overdue loans from Government of India amounting to Rs 62,420 thousands and interest accrued and due thereon of Rs. 226,524 thousands. The turnover during the current year is only Rs. 6,265 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 Turnkey Integration work for laying of Optical Fiber Cable. 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. Qualified Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

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

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

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

Akash Shinghal
(Partner)
Membership No 103490

Place: New Delhi
Date : 26th April, 2013

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, 2013;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
 - (c) During the period, the Company has not disposed off any substantial part of the fixed assets.

- II. (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.
 - (b) In our opinion, and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.

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

- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and Fixed Assets and for the sale of goods. During the course of our audit no major weaknesses has been noticed in the internal controls system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

- V. (a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 and accordingly the clause (b) is not applicable.
- VI. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- VII. The Company has formal internal audit system commensurate with its size and nature of business.
- VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- IX. (a) According to the information and explanations given to us and records examined by us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.

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

SL. No.	Name of the Statute	Nature of Dues	Amounts In'000	Due Date
1	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
2	The Central Sales Tax Act 1956	Differential sales tax on price revision for the years 2004-05 to 2008-09.	14,165	Various Dates
3	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
4	Professional Tax	Professional Tax	432	Various Dates

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

SL. No.	Name of the Statute	Nature of Dues	Year	Amounts In '000s	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax on disallowance of provision for doubtful debts and obsolete inventory for 2000-01 including interest.	2000-01	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 245,653 thousands. As at March 31, 2013 interest accrued and due on these loans was Rs. 2,484,475 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, 2013, short term funds to the tune of Rs 5,495,100 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.
- XX. The Company has not raised any money through a public issue during the year.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Akash Shinghal
(Partner)
Membership No 103490

Place: New Delhi
Date: 26th April, 2013

HTL LIMITED			
BALANCE SHEET AS AT 31 st March, 2013		In '000 Rupees	
Particulars	Note No.	Figures as at 31 st March, 2013	Figures as at 31 st March, 2012
I			
<u>EQUITY AND LIABILITY</u>			
(1)			
Shareholders Funds			
(a)	1	150,000	150,000
(b)	2	(5,664,344)	(5,663,159)
(2)			
Non- Current Liabilities			
(a)	3	684	-
(b)	4	51,482	59,996
(3)			
Current Liabilities			
(a)	5	845,186	764,962
(b)	6	1,448,291	1,613,028
(c)	7	4,074,678	3,998,563
(d)	8	18,130	25,721
		924,107	949,111
II			
<u>ASSETS</u>			
(1)			
Non Current Assets			
(a)			
(i)	9	32,922	34,417
(2)			
Current Assets			
(a)	10	666	7,759
(b)	11	688,004	688,051
(c)	12	104,635	106,680
(d)	13	61,806	76,130
(e)	14	36,074	36,074
		924,107	949,111
See other accompanying notes to the financial statements		1 - 45	

As per our report of even date attached

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

AKASH SHINGHAL
Partner
M.No. 103490

Place : New Delhi
Date : 26.04.2013

For and on behalf of the Board of Directors

R.M.KASTIA
Whole Time Director

M.P.SHUKLA
Director

S.NARAYANAN
Company Secretary

HTL LIMITED			
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 st March, 2013			
In '000 Rupees			
Particulars	Note No	Figures for the year ended 31 st March, 2013	Figures for the year ended 31 st March, 2012
I Revenue From Operation	15	7,926	1,312
Less: Excise Duty		(1,660)	(5)
		6,265	1,307
II Other Income	16	815,865	126,832
III Total Revenue		822,130	128,139
IV EXPENDITURE			
Cost of Material Consumed	17	16,935	1,189
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	18	-	-
Employee Benefits Expenses	19	121,430	149,214
Finance Cost	20	585,623	543,583
Depreciation and Amortization Expenses	9	2,940	3,663
Other Expenses	21	96,387	177,361
Total Expenses		823,315	875,010
V Profit before Tax (III- IV)		(1,185)	(746,871)
VI Less: Tax Expense:			
Current Tax		-	-
Deffered Tax		-	-
VII Profit / (Loss) for the period (V - VI)		(1,185)	(746,871)
VIII Earning per share (Face value of Rs.100/- each)			
Basic (Rs.)		(0.79)	(497.91)
Diluted (Rs.)		(0.79)	(497.91)
See other accompanying notes to the financial statements	1 - 45		
As per our report of even date attached			
For KHANDELWAL JAIN & CO. Chartered Accountants Firm Regn No. 105049W		For and on behalf of the Board of Directors	
AKASH SHINGHAL Partner M.No. 103490	R.M.KASTIA Whole Time Director	M.P.SHUKLA Director	
Place : New Delhi Date : 26.04.2013	S.NARAYANAN Company Secretary		

Cash Flow Statement for the year ended March 31, 2013

Particulars	2012-2013 Rs. 000's	2011-2012 Rs. 000's
A. Cash Flows from/(used in) Operating Activities		
Net Loss before Taxation	(1,185)	(746,871)
Adjustments for:		
Depreciation	2,940	3,663
Unrealised Foreign Exchange Loss/(Gain) (net)	70,974	148,854
Interest Income	(9,439)	(8,373)
Interest Expense	578,987	542,336
Excess Liabilities Written Back	(805,339)	(117,655)
Operating Loss before Working Capital Changes	(163,061)	(178,046)
Adjusted for:		
Inventories	7,093	137
Trade & Other Receivables	(244)	2,295
Trade & Other Payables	(190,068)	135,957
Cash Generated from Operations	(346,280)	(39,657)
Direct Taxes Paid (Net of Refunds)	14,614	(1,125)
Net Cash from/(used in) Operating Activities	(331,666)	(40,782)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,448)	(13)
Sale of Fixed Assets	3	-
Advance against sale of Land	272,000	-
Decrease/(Increase) in Term Deposits with Banks	11,193	1,768
Interest Received	9,439	8,373
Net Cash from/(used in) Investing Activities	291,187	10,128
C. Cash Flows from Financing Activities		
Proceeds from Long-Term Borrowings	841	-
Repayments of Short - Term Borrowings	(279,775)	11,871
Proceeds from Short-Term Borrowings	360,000	107,000
Interest Paid	(31,439)	(88,721)
Net Cash from/(used in) Financing Activities	49,627	30,150
Net Decrease in Cash and Cash Equivalents (A + B + C)	9,148	(504)
Cash and Cash Equivalents at the Beginning of the Year	7,828	8,333
Cash and Cash Equivalents at the End of the Year	16,976	7,828

Notes :-

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

	March 31 2013 (Rs. In 000's)	March 31 2012 (Rs. In 000's)
Cash and Cheques on Hand	244	202
With banks - on Current Account	16,733	7,626
Cash and Cash Equivalents at the End of the Year	16,976	7,828

* 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
Chartered Accountants
Firm Regn No. 105049W

For and on behalf of the Board of Directors

AKASH SHINGHAL
Partner
M.No. 103490

R.M.KASTIA
Whole Time Director
M.P.SHUKLA
Director

Place : New Delhi
Date : 26.04.2013

S.NARAYANAN
Company Secretary

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"1" -SHARE CAPITAL	Figures as at 31st March, 2013	Figures as at 31 st March, 2012
	Rs. In 000s	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 March, 2013		31st March, 2012	
	%	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, 2013 is set out below:

Particulars	Number of Shares as at 31st March, 2013	Number of Shares as at 31st March, 2012
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

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"2" -RESERVES & SURPLUS	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Capital Reserve:		
Opening balance	-	-
Add: Addition During the year	-	-
Less:Utilised during the year	-	-
Closing Balance	-	-
Profit & Loss Account:		
Opening Balance	(5,663,159)	(4,916,288)
Add: Transfer from Profit & Loss	(1,185)	(746,871)
	(5,664,344)	(5,663,159)
Less:Transfer to General Reserve	-	-
Closing Balance	(5,664,344)	(5,663,159)
TOTAL	(5,664,344)	(5,663,159)

Of the above:

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

NOTE "3" - LONG TERM BORROWING	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Secured		
Vehicle Loan from Bank	684	-
TOTAL	684	-

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

	Rs.
Within 2013-14	157,395
Within 2014-15	177,359
Within 2015-16	199,846
Within 2016-17	225,199
Within 2017-18	81,242

NOTE "4" - LONG TERM PROVISION	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Provision for Gratuity	40,090	47,741
Provision for Leave Encashment	11,392	12,255
TOTAL	51,482	59,996

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"5" - SHORT TERM BORROWINGS	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Secured		
Working Capital Demand Loans	23,034	23,034
Cash Credit Facilities	337,653	617,428
Unsecured		
Loans From Other Parties	484,500	124,500
TOTAL	845,186	764,962

5.1 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.

5.2 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	360,686	466,021
More than 3 to 5 years	-	438,752
More than 1 to 3 years	-	1,049,128
June '12	-	120,398
Sep '12	-	129,517
Dec '12	-	137,292
Mar '13	-	143,367
Total	360,686	2,484,475

"6" - TRADE PAYABLE	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Due to Micro, small and Medium Enterprises (Refer Note No: 33 (a))	-	-
Others*	1,448,291	1,613,028
TOTAL	1,448,291	1,613,028

* Includes payable to Holding Company Rs. 91,996 thousands (Previous year Rs. 92,810 thousands)

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"7" - OTHER CURRENT LIABILITIES	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Current maturities for Long term loans		
from Govt. of India	62,420	62,420
from HDFC Bank (Vehicle Loan)	157	
Interest accrued and due on Borrowing	2,710,999	2,165,405
Interest accrued and not due on Borrowing	1,954	-
Advance from Customers	574,700	366,700
Advance against sale of Land (Refer Note No: 25)	272,000	-
Other Payables		
Earnest Money Deposit	2,005	2,480
Statutory Dues Payable	177,120	439,909
Other Liabilities	273,322	961,649
TOTAL	4,074,678	3,998,563

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

Loan from Govt. of India

Period of Default	Amounts	
	Principal	Interest
More than 5 years	62,420	136,814
More than 3 to 5 years	-	29,626
More than 1 to 3 years	-	45,063
June 12	-	3,755
Sep '12	-	3,755
Dec '12	-	3,755
Mar '13	-	3,756
Total	62,420	226,524

7.2 Advance from Customers includes Rs. 574,700 thousands (Previous year Rs. 366,7000 thousands) from Holding Co.

"8" - SHORT TERM PROVISION	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Provision for Gratuity	7,843	12,687
Provision for Leave Encashment	10,287	13,034
TOTAL	18,130	25,721

"9" - FIXED ASSETS												
Sr.No.	Description	Gross Block				Depreciation				Net Block		
		Figures as at 31 st March, 2012 Rs. In 000s	Addition Rs. In 000s	Deduction Rs. In 000s	Figures as at 31 st March, 2013 Rs. In 000s	Upto 31 st March, 2012 Rs. In 000s	For the Period Rs. In 000s	Deduction Rs. In 000s	Upto 31 st March, 2013 Rs. In 000s	Figures as at 31 st March, 2013 Rs. In 000s	Figures as at 31 st March, 2012 Rs. In 000s	
1A	Land - Freehold	588	-	-	588	-	-	-	-	588	588	
1B	Land - Leasehold *	244	-	-	244	-	-	-	-	244	244	
2	Building	44,741	-	-	44,741	36,293	1,132	-	37,425	7,315	8,448	
3	Plant & Machinery	430,380	-	3	430,377	405,523	1,355	3	406,875	23,500	24,856	
4	Airconditioning Plant	7,439	-	-	7,439	7,426	8	-	7,434	5	14	
5	Furniture & Fixtures	15,678	-	7	15,672	15,658	19	7	15,670	2	20	
6	Office Equipments	7,647	0	6	7,640	7,631	1	3	7,628	12	16	
7	Data Processing Equipment	20,655	4	35	20,623	20,527	105	35	20,597	26	128	
8	Vehicles	1,170	1,444	-	2,614	1,066	320	-	1,386	1,227	103	
	TOTAL	528,541	1,448	51	529,939	494,123	2,940	48	497,016	32,922	34,417	
	Previous Year	528,521	13	-	528,534	490,455	3,663	-	494,117	34,417		

1A : Freehold Land of 2.56 + 11.021 acres.

1B : Leasehold land of Hosur 15.09 acres.

2 : Buildings includes value for Hosur Building also.

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

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"10" -INVENTORY	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Stores & Spares	5,324	5,324
Less : Provision for Non Moving	5,324	5,324
	-	-
Materials & Components	171,322	188,241
Less : Provision for Non Moving	170,656	180,482
	666	7,759
Finished Goods	11,545	11,545
Less : Provision for Non Moving	11,545	11,545
	-	-
Work in Progress	49,530	49,530
Less : Provision for Non Moving	49,530	49,530
	-	-
TOTAL	666	7,759

"11" -TRADE RECEIVABLES	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Unsecured, considered good (Debts outstanding For a period Exceeding six month)		
Considered good	688,004	688,051
Considered Doubtful	346,001	346,001
	1,034,006	1,034,052
Less: Provision for Doubtful Debts	346,001	346,001
	688,004	688,051
Others	-	-
	-	-
TOTAL	688,004	688,051

"12" -CASH & CASH EQUIVALENTS	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Balance with Scheduled Banks in Current Accounts	16,733	7,626
Fixed Deposit Accounts		
Bank Deposit with more than 12 months maturity		
Others *	87,659	98,852
Cash on Hand	244	202
TOTAL	104,635	106,680

* Balances with banks to the extent held as margin money is of Rs. 87,659 thousands (Previous Year 98,852 thousands)

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"13" - SHORT TERM LOANS AND ADVANCES	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 Rs. In 000s
Unsecured, considered good		
Loans to Employees	28	97
Other Loans and Advances		
Advances Recoverable in cash or in kind	5,180	4,774
Balance with Customs, Excise etc.	17	44
Advance income tax	14,508	29,122
Deposits - Others	42,074	42,093
	61,806	76,130
Unsecured, considered doubtful		
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	61,806	76,130

"14" - OTHER CURRENT ASSETS	Figures as at 31st March, 2013 Rs. In 000s	Figures as at 31st March, 2012 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
TOTAL	36,074	36,074

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"15" -REVENUE FROM OPERATIONS	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Sales of Product	7,843	40
Sales of Services	82	1,272
Less: Excise Duty	(1,660)	(5)
TOTAL	6,265	1,307

"16" -OTHER INCOME	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Interest Income Gross (TDS Rs.865 thousands/- previous year Rs.936 thousands.)	9,439	8,373
Rent	1,032	796
Excess Provision / Liabilities Written back	805,339	117,655
Scrap sales	44	5
Miscellaneous	11	3
TOTAL	815,865	126,832

"17" -COST OF GOODS CONSUMED	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Opening Balance	188,241	188,378
Add : Purchases during the year	16	1,052
Less: Closing Stock	171,322	188,241
TOTAL	16,935	1,189

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"18" -CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Closing Stock:		
Finished Goods	11,545	11,545
Work in Progress	49,530	49,530
	61,075	61,075
Less:Excise Duty on (Increase)/ Decrease of Finished Stock	-	-
	61,075	61,075
Less: Opening Stock		
Finished Goods	11,545	11,545
Work in Progress	49,530	49,530
	61,075	61,075
CHANGE IN STOCK	-	-

"19" -EMPLOYEE BENEFIT EXPENSES	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Salaries and Wages	85,850	94,411
Contribution to Provident & Other Funds	8,639	8,969
Gratuity Expenses	9,755	25,646
Leave Encashment	6,142	9,194
Welfare expenses	11,043	10,995
Provision for Retirement Benefits	-	-
TOTAL	121,430	149,214

"20" -FINANCE COST	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Interest Expenses		
To Banks	539,510	446,432
On Statutory Dues	21,413	80,882
On GOI Loans	15,021	15,021
To Others	3,043	-
Other Borrowing Cost (Bank Charges, Lease Charges)	6,636	1,247
TOTAL	585,623	543,583

HTL LIMITED

NOTES FORMING PART OF THE ACCOUNTS

"21" OTHER EXPENSES	Figures for the year ended 31st March, 2013 Rs. In 000s	Figures for the year ended 31st March, 2012 Rs. In 000s
Consumption of Stores & Spares and other direct cost		
Consumable Stores	23	2
Outside Labour Charges on Component	25	330
Foreign Exchange Fluctuation	70,974	148,854
Payment to the Auditors:		
As Audit Fee	896	896
As Tax Audit	110	110
For Other Services	56	110
Reimbursement of Expenses	27	174
Rent	750	724
Freight & Transportation Expenses	37	37
Power & Fuel	3,628	2,930
Research & Development Expenses	-	-
Insurance Expenses	803	944
Rates & Taxes	2,017	1,141
Repairs & Maintenance :		
Building	2,867	2,294
Machinery	-	-
Others	804	314
Installation & Maintenance	-	65
Travelling & Conveyance Expenses	2,210	2,189
Directors Sitting Fees	36	33
Leasing Charges	670	-
Telephone Expense	485	462
Liquidated Damages on Sales	-	5,323
Write-Off- Debtors (Sales Tax)	-	2,222
Office Exp.	421	203
Vehicles- Running & Maintenance(CAR)	257	117
Security Charges	3,083	3,142
Legal & Professional Expenses	4,341	4,459
Prior Period Expenses	1,276	-
Miscellaneous Expenses	594	286
TOTAL	96,387	177,361

22. NATURE OF OPERATIONS

HTL Limited ("the Company") has been engaged in manufacture of various types of Telecommunications Equipments. The Company was a wholly owned undertaking of Government of India ('GOI') under the Department of Telecommunications ('DOT') till 16th October'2001 when the Government divested 74 % of its shareholding in the Company as part of its divestment program, including transfer of management control, to Himachal Futuristic Communications Limited (HFCL), which is now the Holding Company.

23. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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

b. Revenue Recognition

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

c. Fixed Assets

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

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable

amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

d. Depreciation

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

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

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

e. Inventory Valuation

Inventories are valued as follows:

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

excise duty. Cost of material included in work in progress and finished goods, is determined on quarterly moving weighted average basis.

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

f. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

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

g. Retirement and other Employees' Benefits

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

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

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

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

h. Miscellaneous Expenditure

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

i. Income Tax

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

j. Earnings Per Share

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

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

k. Provisions

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

l. Cash and Cash Equivalents

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

24. Contingent Liabilities (not provided for):

S.N O.	PARTICULARS	(Rupees in thousands)	
		31, Mar 2013	31, Mar 2012
A.	Unredeemed bank guarantees.	24,298	67,579
B.	Interest on delayed payment of sale tax – for 2000-2001 *	--	6,259
C.	Claims against HTL not acknowledged as Debts	412	---

* The Sales Tax liability for the year 2000-01 has been settled by the Company under Samadhan Scheme namely "TamilNadu Sales Tax (Settlement of Arrears) Act 2011" and the consequent excess liability of Rs. 7924.13 lakhs is included in Excess Provision written back and shown under the head Other Income

25. The Company has incurred loss of Rs. 1,185 thousands (Previous year Rs.746,871 thousands) during the current year and has accumulated losses of Rs. 5,664,344 thousands (Previous year Rs. 5,663,159 thousands) as at March 31, 2013, resulting in negative net worth of Rs. 5,514,344 thousands (Previous year Rs. 5,513,159 thousands). The Company's current liabilities exceed its current assets by Rs.5,495,100 thousands (Previous year Rs. 5,461,857 thousands) as of that date. Further, the Company has overdrawn borrowings from banks by Rs.245,653 thousands (Previous year Rs. 500,428 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.226,524 thousands (Previous year: Rs 211,503 thousands). The turnover during the period ended 31, March 2013 is Rs. 6,265 thousands (Previous Year: Rs. 1,308 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.

In the interregnum, since the Company could not pay the bank dues as demanded by them, 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 SBI has made attempts to sell one piece of vacant land measuring 10.162 acres thru' e-auction four times i.e., on 17.2.2011, 09.03.2011, 05.10.2012 and 23.01.2013 by giving necessary advertisements in leading Newspapers but no bid was received in any of these attempts. In the said circumstances, it was decided at the consortium meeting of banks held on 07.03.2013 to sell the said land to any prospective buyer who is willing to pay the reserve price of Rs. 250 crores or more on private treaty basis. M/s. VGN Developers Private Ltd., Chennai has offered a price of Rs. 272 crores to SBI in March 2013 and SBI accepted the said offer with an advance payment of 10% and has given 90 days time to remit the balance amount. The said sale is expected to complete in June 2013. The said 10% advance amount of Rs. 27.20 crores received by banks accounted for in the books of account as advance against sale of land and shown under Note 7 "Other Current Liabilities". Thus, the Management is confident that the proceeds of land will be available to settle its outstanding liabilities.

The Company is also expecting further orders for Telecom Towers and Turnkey Integration work for laying of Optical Fiber Cable. In expectation of the successful outcome of the above proposals, the financial statements have been prepared on a going concern basis.

26. Secured loans from banks and interest accrued and due include Rs. 149798 thousands and Rs. 868,202 thousands respectively (Previous year Rs. 276,164 thousands and Rs. 676,911 thousands respectively) 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).

27. a) Working Capital Demand Loans and Cash Credit facilities from Banks shown in Note 5 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. 226,524 thousands (Previous year Rs. 211,503 thousands) is due to Government of India (GOI). As at March 31, 2013, 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.31 below].

28. a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Company, the Government of Tamil Nadu had required the Company to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 27.30 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Company are in progress. In respect of the balance land of 3.69 acres, the name of the Company 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.

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

29. a) As at 01.04.2012, 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.
30. Trade receivable 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.
31. 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 27 (b) above].

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

33. 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) Trade payable as on March 31, 2013 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, 2013.

34. Related Party Disclosures

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

a) Name of Related Parties and its relationship:

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

b) Transactions/outstanding balances with Related Parties

(Rs. In thousands)

Particulars	2012-13		2011-12	
	Holding Company	Entities Under Common Control	Holding Company	Entities Under Common Control
Name of the Party	HFCL	ETL	HFCL	ETL
Rent received	562	197	352	212
Expenses recovered	621	38	101	(1)
Purchase of goods				-
Sale of services				-
Advance Received/ Transfer	2,08,000	-	91,500	20,422
Closing Balance as at March 31, 2013				
Trade Payable	91,996	(329)	92,810	(95)
Advances Payable*	5,74,700	-	3,66,700	-

* includes amount received Rs. 275,200 thousands from Sunvision Engineering Company which had been amalgamated with HFCL with effect from 01.01.2010 as per Hon'ble High Court of Himachal Pradesh sanction under composite scheme of Arrangement and Amalgamation.

35. 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.

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

(Rs. In thousands)

Particulars	Year Ended March 2013		Year Ended March 2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the beginning of the period	61,161	25,289	78,208	25,435
Current service cost	1,442	778	1,988	773
Interest cost	4,303	1,756	5,212	1,667
Past Services	-	-	-	-
Actuarial (gain) / losses	4,103	3,609	1,875	6,608
Benefits paid	(22,250)	(9,752)	(26,121)	(9,194)
Obligations at the end of the period	48,759	21,680	61,161	25,289
Change in plan assets				
Plan assets at period beginning, at fair value	733	-	680	-
Expected return on plan assets	62	-	54	-
Actuarial gain /(loss)	(59)	-	(2)	-
Contributions	91	9,752	576	9,194
Benefits paid	-	(9,752)	(576)	(9,194)
Plan assets at period end, at fair value	827	-	733	-
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	827	-	733	-
Present value of defined benefit obligations at the end of the period	48,760	21,680	61,161	25,289
Asset / (Liability) recognised in the balance sheet	(47,933)	(21,680)	(60,429)	(25,289)
Gratuity cost for the period				
Current service cost	1,442	778	1,988	773
Interest cost	4,303	1,756	5,212	1,667
Past Services	-	-	-	-
Expected return on plan assets	(62)	-	(54)	-
Actuarial (gain) / losses	4,162	3,609	1,874	6,608
Net gratuity cost	9,845	6,143	9,020	9,048

Particulars	Year Ended March 2013		Year Ended March 2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	48,760	21,680	61,161	25,289
Plan Assets	827	-	733	-
Surplus / (deficit)	(47,933)	(21,680)	(60,429)	(25,289)
Experience adjustments on plan liabilities (Loss) / Gain	4,103	3,609	(1,875)	(6,608)
Experience adjustments on plan assets – Gain / (Loss)	59	-	2	-
Assumptions:				
Interest rate	8.6%	8.6%	8%	8.6%
Estimated return on plan assets	8.0%	-	8%	-
Weighted average increase in compensation	5%	5%	5%	5%
Attrition Rate	1%	1%	1%	1%
Retirement expectancy in years	58	58	58	58

37. Earnings Per Share:

Particulars	March 31, 2013	March 31, 2012
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)	1,185	746,871
Basic and Diluted Earnings Per Share (in Rs.)	(0.79)	(497.91)

38. Value of imports on CIF basis

(Rs. in thousands)

Particulars	2012-13	2011-12
Materials and Components	-	810
Capital Goods	-	-

39. Expenditure in foreign currency (on payment basis)

(Rs. in thousands)

Particulars	2012-13	2011-12
Purchase of Material	-	895

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

Particulars	2012-13		2011-12	
	%Age	Value	%Age	Value
Imported	42	9,826	63	792
Indigenous	58	7,109	37	396
Total	100	16,935	100	1,188

41. Earning in Foreign Currency (On Cash Basis)

Earnings	2012-13	2011-12
	-	-

42. Remuneration paid to Whole Time Director:

Particulars	(Rs. in thousands)	
	2012-13	2011-12
Salary and Allowances	11,965	11,267
Contribution to Provident Fund	797	518
Other Benefits	211	94
Total	12,973	11,879

The term of the Whole Time Director Dr. R.M. Kastia's has been 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 the Statement of Profit and Loss. 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 the statement of Profit & Loss, has been deferred and shown as recoverable, pending approval of Government of India.

During the year, the total remuneration of Rs. 12,973 thousand charged to the statement of profit and loss includes for February and March 2012 as said above in addition to current year remuneration. The Govt. of India, Ministry of Corporate Affairs clarified vide letter SRN No. B39228101/2/2012-CL.VII dated 24/09/2012, that in view of amendments made Schedule XIII of Companies Act, 1956 vide Gazette Notification GSR 534 (E) dated 14/07/2011, the approval of the Central Govt. is not required with effect from 14/07/2011.

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

Particulars	(Rs. in thousands)	
	2012-13	2011-12
Salary and Allowances	2,436	2,145
Contribution to Provident Fund	137	115
Other Benefits	269	244
Total	2,842	2,504

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

44. 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, 2013		March 31, 2012	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Payables	USD	17,859,205	977,970,067	21,746,281	1,125,303,915
	EURO	599,133	42,250,884	599,133	41,203,898
	JPY	510,250	302,157	510,250	321,521
Total			1,020,523,108		1,166,829,334

45. 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 Regn No. 105049W

For and on behalf of the Board of Directors

Per AKASH SHINGHAL
Partner
Membership No. 103490

R.M.KASTIA M.P. SHUKLA
Whole Time Director Director

Place : New Delhi
Date : 26.04.2013

S.NARAYANAN
Company Secretary

HTL LTD.

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

ATTENDANCE SLIP

I hereby record my presence at the 52nd Annual General Meeting held on **Friday, the 23rd August 2013 @ 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 23rd August, 2013 at 12.00 noon and at any adjournment thereof.

Signed this day of August, 2013.

<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.