

Chairman-cum-Managing Director
& Director (Finance)

Shri. S. Girish Kumar

Directors

Shri A.K. Deori till 12.12.2017
Shri. Sunil Kumar Singh from 13.12.2017
Shri.Purushottam M Bandekar
Dr. Ashok Tripathi

Auditors

M/s. Khicha & Prabu Kesavan
Chartered Accountants
Chennai

Bankers

State Bank of India
Indian Overseas Bank
Syndicate Bank
State Bank of Patiala
State Bank of Travancore
Indian Bank
Canara Bank

Registered Office

Indunagar
Ootacamund
Tamil Nadu - 643 005



HINDUSTAN PHOTO FILMS MFG. CO.LTD.

NOTICE TO SHARE HOLDERS

Telephone : 0423-2444020-2444025
Fax : 0423-2443484

Registered Office
Indunagar
Ootacamund-643005

5.11.2018

NOTICE

Notice is hereby given that the 57th Annual General Meeting of the Shareholders of Hindustan Photo Films Manufacturing Company Limited will be held at Hotel City Towers , Coimbatore , Tamilnadu on 28th November 2018 at 11.00 Hrs to transact the following business:

ORDINARY BUSINESS:

- To consider and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March 2018.
- To fix the remuneration of the Statutory Auditors of the Company for the Year 2018-19

(BY ORDER)

(Philip John)
General Technical Manager

To: All Members

Khicha & Prabu Kesavan
Chartered Accountants
6-F, First Floor , Golden Enclave 184
Poonamalle High Road, Kilpauk
Chennai 600 010

Note: A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 57th Annual Report on the working of the Company along with the Audited accounts for the year ended 31st March 2018, report of the Statutory Auditors and the comments thereon by the Comptroller and Auditor General of India.

Share Capital

The Paid up and Authorized Capital as on 31.3.2018 stood at ₹206.87 Crores and ₹210 Crores respectively.

Fixed Deposit

No deposit has been received by the Company during the year under report.

Corporate Performance

The audited financial data for the last ten years are summarized below.

Corporate Results

Production, Turnover and Loss

As the operations of the Company have come to a standstill, the turnover during the year was Nil. The Company's operations resulted in a net loss of ₹ 3402.36 Crores for the year as compared to a net loss of ₹2917.16 Crores in the previous year. The Company has incurred an operating loss of Rs. 41.08 Crores during the year before interest and prior period adjustments as against ₹ 52.10 Crores during the previous year.

Financial Data for the last ten years										
Year ending 31 st March 2018	(₹ in lakhs)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	2409.93	2549.80	3992.46	760.94	360.60	15.09	---	---	---	--
Sales	2618.48	2625.01	3718.32	1256.38	373.81	124.86	---	---	---	--
Net Profit /Loss	-89026.05	-100921.51	-115665.42	-135238.95	-156531.99	-182042.26	-216276.71	-252791.86	-291715.72	-340236.48
Growth Rate (%)										
- Turnover	52.54	0.25	41.64	-66.21	-70.25	-66.60	---	---	---	--
- Production	36.81	5.80	56.55	-80.94	-52.61	-95.82	---	---	---	--
Net profit (As a % of)										
- Turnover	-3399.91	-3844.61	-3110.69	-10764.18	-41874.75	-145797.10	---	---	---	--
Networth	-582019.47	-682840.98	-798406.40	-933645.35	-1090177.34	-1272219.61	1488496.32	1761974.66	2053690.37	2393926.86
Inter Corporate loan	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607	3607	3607
Gross Block (Excluding Capital WIP)	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59	71577.59
Gross Block (Including Capital WIP)	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59	71577.59
Inventories	1411.14	1417.60	1541.50	942.24	891.17	763.05	748.40	740.67	757.59	745.44
Depreciation	3241.61	3212.35	3166.17	3146.92	3147.82	3141.13	3141.13	3141.38	3140.91	88.59
Interest	83014.38	95498.84	111525.07	130242.70	151703.19	177238.16	207584.49	244192.14	286505.98	336127.91

Note: Figures for the current year have been re-grouped wherever necessary

Quality Assurance

Quality Assurance activities were restricted due to non-production activities. However, the incoming raw materials received during the period were checked and cleared. Samples of drinking water, treated water, process raw water and process treated water were tested regularly to maintain the quality. Treatment of effluent was carried out as per the norms.

R&D and Quality Control

Activities could not be carried out as there was no production

Personnel

As on date there are only two officers on the rolls of the Company deputed from HMT MTL. As per the Government directives dt. 21.3.2018, all the remaining 167 employees stand relieved with effect from 30.6.2016.

Industrial Relations

By and large, the Industrial Relation scenario remained cordial. The Industrial Relations Committee comprising of Management and Trade Unions representatives met and discussed from time to time to resolve various industrial relations problems.

Environment

For maintaining ecological balance, the Company has taken steps in compliance with all the statutory rules and regulations

Insurance

The Assets of the Company are insured.

Implementation of official language

The Company continued to take effective steps for implementation of the provisions of the Official Language Act and the instructions received from the Central Government in this regard from time to time.

Development of Ancillaries

During the year under report, as there was no production, the procurement of materials from Ancillary and SSI Units was NIL.

Contribution to Exchequer

During the year under review, the contribution made by the Company to the Exchequer - both central and State by way of Sales tax, Octroi, Customs duty and Excise duty etc is NIL.

Vigilance Activities

Vigilance Department continued to keep strict vigil within the Organization. The Department was engaged in activities like investigation of complaints from various sources, conducted surprise and detailed inspections of transactions. Vigilance Awareness Period was observed from 30.10.2017 to 4.11.2017 in a befitting manner.

RTI Act

The Company has implemented the provisions of the RTI Act 2005. All applications and first appeals received under RTI during the year 2017-18, have been addressed.

Directors

ShriS.Girish Kumar, CMD, HMT, Bangalore continued to hold additional charge of CMD and Director Finance of HPF.

Audit Committee

As on 31.3.2018, the Audit Committee comprised of the following members:

Dr. Ashok Tripathi	:	Independent Director	:	Chairman
Shri. Sunil Kumar Singh	:	Part Time Official Director	:	Member
Shri. Purushottam M Bandekar	:	Nominee Director	:	Member

Directors' Responsibility Statement

Directors' responsibility statement as required under Section 134(3) (c) of the Companies Act, 2013

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from prescribed accounting standards in the adoption of these standards.

The Directors confirm that

- In preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 profit and loss of the Company for that period.
- The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The Directors have prepared the annual accounts on a going concern basis.
- The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively

Auditors

M/s. Khicha & Prabu Kesavan ., Chartered Accountants, Chennai have been appointed by the Government of India as Auditors of the Company for the financial year 2017-18.

Corporate Governance

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, The Management Discussion and Analysis Report ,a report on Corporate Governance and The Certificate of the Auditors on Corporate Governance are annexed to this report

Status of the Company before BIFR / CCEA

The Company had been referred to BIFR in terms of the Sick Industrial Companies (Special Provisions) Act 1985, declared sick and recommended by BIFR for winding up vide order dated 30.01.2003, which had been taken on the files of the High Court of Madras in Company Petition (CP) 114 of 2003. The Company had obtained a stay from the Madras High Court in a writ petition against the implementation of above order of the BIFR.

In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of Rs. 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from January 2015. 466 employees have been relieved under this VR Scheme by 11th June 2016. The Board further decided in March 2018 that all the remaining employees would be relieved with effect from 30th June 2016 as per the communication received from the Administrative Ministry.

Consequent to the CCEA decision to close the Company, the writ petition filed by the Company against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 was withdrawn. The Writ Petitions filed by the Trade Unions against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 were dismissed by the Hon'ble High Court of Madras on 29th August 2016 and the recommendation of the BIFR for winding up of the Company has been accepted.

High Court in their order dated 08.09.2017 has stated the following :- "The learned Counsel for the workmen, who represented on behalf the applicant, has stated that the winding up of the Company by the Board for Industrial and Financial Re-Construction (BIFR), New Delhi has been finally approved. The Writ Petitions have also been disposed of. Particularly, the writ petition challenging the payment of wages to the workers with respect to voluntary retirement scheme has also been disposed of. The Official Liquidator has to take charge of the assets and examine the books of records and make necessary disbursements in accordance with the priority".

Acknowledgement

Your Directors wish to place on record their sincere thanks to the Government of India, particularly the Department of Heavy Industry, the Bankers, valued customers, for their co-operation and support. Your Company sincerely appreciates the valuable services rendered by the employees of the Company.

**For and on behalf of the
Board of Directors**

**S. Girish Kumar
Chairman-cum-Managing Director**

Management Discussion and Analysis Report

The operations of the Company have come to a standstill due to disconnection of power to the Polyester X-Ray Plant and R&D from May 2013 and non-availability of funds to procure the raw materials. As per the directions of the CCEA, VRS at 2007 Notional pay scale has been introduced in the Company from Jan 2015 and all the employees have been relieved on VRS

Discussion on Financial Performance with respect to Operational Performance

As the operations of the Company have come to a standstill and in view of the Company's continuing sickness, there has not been any material change with regard to the Company's financial position. Interest and depreciation continue to be the major components contributing to the net loss. The cash loss is around ₹40.20 Crores before interest, depreciation and prior period adjustments. Major portion of the accumulated losses comprise of accumulated interest and depreciation. The Networth of the Company remains negative on account of these factors.

Material developments in Human Resource/Industrial Relations

As per the Government directives dated 21.3.2018, all the remaining employees of the Company stand relieved with effect from 30.6.2016.

Future Prospects

The Company is recommended for closure.

S. Girish Kumar
Chairman-cum-Managing Director

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

HPF recognizes its responsibilities as the trustee of its stakeholders and believes in fair and transparent Governance. This has been strengthened by adoption of requirements of Clause 49 of Listing Agreement of Stock Exchanges.

I. Board of Directors

a. Composition

As on 31.3.2018, the composition of the Board was as follows:

Name of Director (S/Shri.)	Designation	Executive / Non-Executive	Category	No. of other directorships held	No. of Committee positions held in other companies
S.Girish Kumar	CMD & Dir (Fin)	Executive	Official	1	--
Sunil Kumar Singh	Director	Non-Executive	Part time Govt. Director	3	--
Dr. Ashok Tripathi	Director	Non-Executive	Independent Director	--	--
Purushottam M. Bandekar	Nominee Director	Non-Executive	Nominee Director (SUUTI)	--	--

- Shri. Sunil Kumar Singh was appointed as Part time Government Director w.e.f. 13.12.2017 vice Shri. A. K. Deori .
- None of the Directors of the Company is related to any other Director of the Company
- None of the Directors has any business relationship with the Company

b. Directors' Attendance

During the year 2017-18, four Board Meetings were held. Attendance of Directors at the meetings of the Board held during the year and at the Annual General Meeting was as follows:

Name of Director S/Shri.	No. of Board Meetings held	No. of Board Meetings held during tenure	No. of Board meetings attended	Attended at Last AGM
S.Girish Kumar	4 Meetings : held on 7.7.2017, 11.11.2017 25.1.2018 & 28.3.2018	4	4	Yes
A. K. Deori		2	2	No
Sunil Kumar Singh		2	1	No
Dr. Ashok Tripathi		4	4	No
Purushottam M. Bandekar		4	4	No

c. Non-Executive Directors compensation and Disclosure:

The Whole Time Directors of the Company are appointed by the Government of India and are being paid remuneration as per the terms of their appointment. The Nominee

Directors are being paid Sitting Fee of ₹2000/- for every meeting of the Board and ₹ 1000/- for every sub-committee meeting attended by them.

d. Board procedure

Board meetings are held at least once in every quarter and more often, if considered necessary, for considering statutory requirements. In case of exigencies, resolutions are passed by circulation and are placed at the next meeting of the Board.

The agenda for the meetings are prepared in consultation with the CMD and the Board papers are circulated to the Directors in advance. As and when required, Senior Executives of the Company are also invited to attend Board Meetings and provide clarifications. The part-time Directors play an important role in the deliberations of the Board and bring to the Company, their wide expertise in various fields. Also there is a proper system of recording minutes of meetings and follow up on the same.

e. Code of conduct

The Board of Directors has laid down a Code of conduct for all Board members and Senior Management personnel of the Company. For the year ended 31.3.2018, all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

II. Audit Committee

An Audit Committee has been formed in the Company in accordance with Section 177 of the Companies Act 2013 .and Clause 49of the Listing Agreement.

a. Composition

The details of the Audit Committee in existence during the year were as under:

- The Audit committee consisted of three members with one Govt. Director, one Independent Director and one Nominee director
- None of the Directors had any other interest in the Company
- The members of the Audit Committee were financially literate
- Director (Finance) / Statutory Auditors were invited to attend the Audit Committee Meetings as and when required.

b. Meetings of the Audit Committee

During the year 2017-18 ,four Audit Committee meetings were held. The attendance of Directors at the Audit Committee meetings held during the year was as follows:

Name of Director S/Shri	Audit Committee Meetings held	No. of Audit Committee Meetings held during tenure	No. of Audit Committee meetings attended
Dr. Ashok Tripathi	4 Meetings : held on 7.7.2017, 11.11.2017 25.1.2018 & 28.3.2018	4	4
A.K. Deori		2	2
Sunil Kumar Singh		2	1
Purushottam M Bandekar		4	4

c. Role and Powers of Audit Committee

The Audit Committee is assigned role and vested with powers as specified under Clause 49 of the Listing Agreement with Stock Exchanges.

d. Review of information by Audit Committee

The Audit Committee reviews periodically the financial statements of the Company, and other matters under its purview as per Clause 49 of the Listing Agreement.

III. Share Transfer Committee

The Company has a Share Transfer Committee to carry out the transfer of shares. As on 31.3.2018, 90% of the Share Capital is held by the President of India and only 10% is held by others. The only Share Transfer that have been taking place are those amongst the nominees of the President of India. No Share transfers are pending as on date.

IV. Subsidiary Companies

The Company does not have any subsidiaries

V. General Body Meetings

Location and time of General Body Meetings held during the previous three years:

Nature of Meeting	Date and Time	Special Resolutions passed	Location
54 th AGM	16.9.2015 10 00 Hrs	---	Hotel Alankar Grande, Coimbatore
55 th AGM	25.11.2016 10 00 Hrs	---	Hotel Alankar Grande, Coimbatore
56 th AGM	25.9.2017 13.30 Hrs	---	Hotel Alankar Grande, Coimbatore

No resolution was passed through postal ballot last year. As and when need arises, postal ballot shall be implemented.

VI. Disclosures

a) Basis of Related party transactions

During the year 2017-18, the Company has not entered into any transaction of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. Also there were no transactions with related parties.

b) Disclosure of Accounting treatment

During the year there has been no change in the Accounting Standards

c) Board disclosure on Risk Management

The Company has laid down procedure to inform the Board members about risk assessment and minimization procedures.

d) Proceeds from public issues, rights issues and preferential issues

During the year 2017-18, the Company has not made any public issues, rights issues and preferential issues

e) Non-executive Directors / Remuneration of Directors

- ⇒ There have been no pecuniary relationships or transactions of the non-executive Directors vis-à-vis the Company during the year under review.
- ⇒ The Whole Time Directors of the Company are appointed by the Government of India and are being paid remuneration as per the terms of their appointment. Hence, the Company has not constituted a remuneration committee. The Nominee/Independent Directors are being paid Sitting Fee of ₹2000/- for every meeting of the Board and ₹ 1000/- for every sub-committee meeting attended by them.

f) Management

The Management Discussion and Analysis Report has been included separately in the Annual Report to the shareholders.

g) Report on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchange where the Companies Equity Shares are listed.

h) CEO and CFO Certification

The Director (Finance) and Chairman-cum-Managing Director (Addl. Ch.) has certified to the Board of Directors of the Company that:

- a. He has reviewed financial statements and the cash flow statement for the year and that, to the best of his knowledge and belief
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b. There are to the best of his knowledge and belief no transactions entered into by the Company during the year which are fraudulent illegal or violate the Company's code of conduct.
- c. He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and he has disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls if any of which he is aware and the steps he has taken or propose to take to rectify these deficiencies.
- d. He has indicated to the auditors and the Audit Committee
 - i. Significant changes in internal control over financial reporting during the year
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

VII. Means of Communication

The Company communicates with the Shareholders at large through its Annual Report

VIII. General Shareholder information

- **AGM** : Hotel Alankar Grande, Coimbatore
- **Date of Book closure** : 7 days before AGM
- **Dividend payment date** : Not applicable as the Company is incurring losses
- **Listing on Stock Exchanges**

The Company's Shares were listed on the Madras and Bombay Stock Exchanges. Its bonds are listed on the Madras, Bombay and Calcutta Stock Exchanges. Due to the severe financial crunch being faced by the Company, it had arrears of listing fee as follows:

Chennai Stock Exchange	:	2002-03 onwards	
Bombay Stock Exchange	:	2000-01 onwards	
Calcutta Stock Exchange	:	1997-98 onwards	
Stock Code	:	Madras Stock Exchange	: HPF
Mumbai Stock Exchange	:	524316	

Though the Company had initiated the move to voluntarily delist its securities from the stock exchanges, it has not been able to complete the process since such delisting is subject to condition of settlement of arrears of listing fees, which the Company cannot afford at this stage.

- Market price data : Securities of Company are not being quoted in the Market at present
- Performance in comparison to broad-based indices : Not Applicable
- Registrar and Transfer Agents : Nil
- Share Transfer system : The Company has an in-house share transfer facility
- Distribution of Shareholding as on 31.3.2018:

Category of the Shareholder	No. of shares	% of shares	
Government of India	186178500		90.000
The President & his Nominees			
GIC & its subsidiaries	19187800	9.276	10.00
Special National Investment Fund	1496100	0.723	
Indian Public (by transfer)	2600	0.001	
Total	206865000		100.00

- Dematerialization of shares and Liquidity : Securities not dematerialized
- Outstanding GDRs/ADRs/ Warrants or any convertible Instruments conversion date and likely impact on equity : Nil
- Statutory Defaults : The Company has not been imposed with any penalty /stricture by the Stock Exchange / SEBI, on any matter related to capital market during the past three years.

- Plant locations:

Plant	Situation	Details
Unit I	Ootacamund Tamilnadu	Fully integrated Production Unit for B&W Photographic Products and for Conversion of imported coated wide stock (colour products)
Unit – III		Magnetic Tape Division
Unit - IV		State of the Art Polyester X-ray Plant
Unit – II	Ambattur, Chennai,Tamilnadu	Conversion Unit & Processing Chemicals Unit

- Address for correspondence :The Company Secretary's Office
Hindustan Photo Films Mfg. Co. Ltd.
Indunagar, Ootacamund - 643 005

IX. Compliance with non-mandatory requirements:

- The whole time Directors of the Company are appointed by the Government of India and are being paid remuneration as per their terms of appointment. Hence the Company has not constituted any remuneration committee.
- Shri. S.Girish Kumar, Chairman cum Managing Director , HMT Bangalore holds additional charge as Chairman cum Managing Director and Director(Finance) of HPF for which no additional remuneration is paid.
- Half yearly results including summary of significant events is not being sent to shareholders currently.
- No Directors' training programme was conducted during the year ended March 2018.
- The Company does not have any whistle blower policy as of now.

X. Declaration of the Chairman-cum-Managing Director

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company .Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended 31st March 2018.

Date : 14.8.2018
Place: Coimbatore

S.Girish Kumar
Chairman-cum-Managing Director

Khicha & Prabu Kesavan
Chartered Accountants

6-F, First Floor , Golden Enclave 184
Poonamalle High Road, Kilpauk
Chennai 600 010

Independent Auditors' Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members,
Hindustan Photo Films Manufacturing Co .Ltd
Indunagar, Ootacamund-643005

1. The Corporate Governance Report prepared by Hindustan Photo Films Manufacturing Co Ltd ("the Company), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This certificate is required by the Company for annual submissions to the Stock exchange and to be sent to the shareholders of the Company.

Management's Responsibility

2. The Preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. The responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India

Auditor's Responsibility

4. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance, as stipulated in the Listing Regulations
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certification for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Service Engagements
7. The procedures selected depend on the auditors' judgment, including the assessment of the risks associated with non-compliance of the Corporate Governance Report with the applicable criteria. The procedure includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from the management including the independent directors of the Company
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole

Qualified Opinion

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above, and according to the information and explanation given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above *except the following*:
10.
 - A.
 - i. Para17(1)(a)–Presence of at least one woman director.
 - ii. Para17(2)–A maximum gap of one hundred and twenty days between any Two board meetings.
 - iii. Para18(1)(b)–Two-thirds of the members of audit committee shall be Independent directors.
 - iv. Para18(1)(e)–The Company Secretary shall act as the secretary to the audit committee.
 - v. Para18(2)–A maximum gap of one hundred and twenty days between any Two board meetings.
 - vi. Para25–Obligations with respect to independent directors.
 - B. Further, the Company has not fully complied with clauses (b) to (i) of Regulations 46(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - C. As per the information & explanations given to us by the management, the following Paras of the Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the company:
 - i. Para 19–Nomination and remuneration committee.
 - ii. Para–20–Stakeholders Relationship committee.
 - iii. Para–21–Risk Management Committee and
 - iv. Vigil Mechanism.

Other matters and Restriction on Use

11. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.
12. This certificate is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligation under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is show nor into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

**For Khicha & Prabu Kesavan
Chartered Accountants
FRN:050108S**

**Date: 14.8.2018
Place: Coimbatore**

**Anil Khicha
Partner
Membership No: 027975**

ADDENDUM TO DIRECTORS' REPORT

	AUDITORS' REPORT	COMPANY'S REPLY
1.	<p>The company has not prepared the financial statements on liquidation basis, though it ceases to be a going concern as winding up recommendation is accepted by high court, however, the Official Liquidator is yet to take charge (Ref. Note 30 SL 11). We are unable to determine consequential adjustments to items of financial statements.</p>	<p>It is true that the Company is in the process of being wound up statutorily under the orders and directions of the Hon'ble High Court of Madras. However, the Official Liquidator is yet to take charge of the Company. In February 2014, the Cabinet Committee on Economic Affairs (CCEA) of the Govt. of India decided to take necessary steps for the closure of the Company wherein 90 % of the shares are owned by the Government of India. Consequently, all the remaining employees were offered VRS and about 75 % of the employees were relieved by June 2016. However, around 167 employees had not opted for the VRS within this period. In March 2018, the Administrative Ministry decided to relieve all the remaining employees also on VRS as per the directions of the Hon'ble High Court of Madras read with the order of the Hon'ble Supreme Court dated 19.02.2018. Thus, ALL the employees of the Company stand relieved with effect from 30.06.2016 or earlier, and as such, there is not a single employee on the rolls of the Company. Under these circumstances, the Financial Statements of the Company continued to be prepared on going concern basis since the Official Liquidator has not yet taken charge of the Company.</p>
2.	<p>The Company has not prepared Ind AS Financial Statement as required under Section 133 of the Act, read with relevant rules issued there under. Further the financial Statement does not comply with the requirement of Companies Act 2013 - Division II - Schedule III and Framework for preparation and presentation of Financial Statements in accordance with Indian Accounting Standard with regard to classification/sub classification of line items/sub line items and other requisite disclosure (also notes providing additional information) including the following:</p> <p>a. Long term borrowings consisting of loans and debentures from various financial institution are classified as non Current liabilities. Since the Company has</p>	<p>As stated above, the Company is in the process of being wound up statutorily under the orders and directions of the Hon'ble High Court of Madras. There is not a single employee on the rolls of the Company. However, the Official Liquidator is yet to take charge of the Company. Hence the practices which were applicable and being followed earlier for preparation of Financial Statements are being continued, until the affairs are taken over by the Official Liquidator.</p> <p>A proposal for One-time Settlement of dues with Bankers / Financial Institutions had been submitted to the Government for an appropriate decision. Meanwhile, the Government had taken a final decision in 2014 to close down the Company and the proceedings for the same have already been</p>

<p>breached the terms of agreement regarding repayment of loan and interest it does not have unconditional right to defer the settlement and consequently the same should be classified as Current Liability. (Refer Note no. 5)</p> <p>b. Non disclosure of Nature of security, repayment terms and details of default in repayment of principal and interest.</p> <p>c. Non Disclosure of amounts due to SME Creditors.</p>	<p>initiated. The Secured creditors had initiated proceedings against the Company under the SARFAESI Act .</p> <p>In spite of efforts / verbal requests to Micro, Small and Medium Enterprises dealing with the Company, the Company was unable to get the relevant information from them in making suitable disclosures, since operations of the Company had already come to a standstill by 2013.</p>
<p>3. Regarding Property, Plant and Equipment, Capital-Working-Progress (CWIP) and Depreciation:</p> <p>a. The Company has not carried out assessment of useful life and hence no impairment has been charged to profit & Loss. (Refer Note no.30.27)</p> <p>b. Company is providing depreciation on straight line basis with regards to asset existing as on 31.03.1987 at the rates prescribed in the Income Tax Act 1961 and in respect of assets acquired thereafter at the rates prescribed in the Companies Act, 1956 which is not as per the requirements of the Companies Act 2013 which mandates calculation of depreciation as per useful life of the asset. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained. (Refer Note no. 31.4)</p>	<p>a. Since the Company is already under winding-up, value of Fixed Assets / Depreciation continue to be shown / calculated as per existing practices; actual assessment of useful life has not been carried out.</p> <p>b. Since production and commercial operations of the Company came to a completely stop from May 2013, and the Government took a final decision in 2014 to close down the Company, it is not meaningful to change the existing method of calculation of depreciation at this stage and hence the same method is continued.</p>
<p>4. Contingent liabilities for disputed claims against the Company are not determined and disclosed fully. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained. (Refer note no. 30.1)</p>	<p>The concerned legal cases are in various stages of defense and appeal. It was not possible to estimate the liability of the Company in the absence of final verdicts.</p>
<p>5. The Company has not created provision for bad and doubtful debts and for non moving inventory as the Company has closed the operations since 2013 and the receivables & inventory may not realize the amount stated therein. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained.</p>	<p>The Audit committee and the Board were of the opinion that it is not appropriate to make a general provision for doubtful debts above three years and non-moving inventory above five years. Instead it was decided that the Debtors and Inventory should be analyzed in detail and provisions should be specifically made for only those items which are non-recoverable debts and obsolete inventory.</p>

6	The Company has not created liability for cases which are held unfavorable to the company and where further appeal is not possible or further appeal may not fructify as advised by the solicitors. Consequently Current liabilities and Loss is understated. However in absence of relevant information quantification cannot be made .	The concerned legal cases are still in various stages of defense and appeal. It was not possible to estimate the liability of the Company in the absence of final verdicts. In view of the status of the Company as stated earlier, relevant information continue to be stated as per previous practices.
7.	The Company has not created Debenture Redemption Reserve as required by the terms of issue. Consequently Other Equity - Reserves & surplus are understated and – Profit is overstated. (Refer note 30.3 also).	In view of the status of the Company as stated earlier, relevant information continue to be stated as per previous practices.
8.	Balances under advances, deposits, receivables, bank accounts, current liabilities, long term borrowings are subject to confirmation, reconciliation and consequential adjustments. However, the impact thereof on the financial statements cannot be ascertained. (Refer note 30.7 also).	Confirmation certificates are not received since the transactions had already come to standstill. The actual outstanding amounts due have been disclosed in the financial statements
9	Penalty and interest for non /delayed statutory compliances i.e. Income tax, Excise Duty, Sales tax etc are not provided for. Consequently, loss and Other Current Liabilities are understated. However, we are unable to quantify the impact thereof on the financial statements.	The demands are in various stages of defense and appeal . In view of the status of the Company as stated earlier, relevant information continue to be stated as per previous practices.
	<p>Adverse Opinion</p> <p> In our opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not give the information required by the Act, in the manner so required and do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its loss (including), its cash flows for the year ended on that date.</p>	

For and on behalf of the Board of Directors

S.Girish Kumar
Chairman-cum-Managing Director

**BALANCE SHEET AS AT 31ST MARCH 2018.**

(Rs. In Thousand)

	Note	As at 31st March 2018	As at 31st March 2017
<u>EQUITY AND LIABILITIES</u>			
<u>Share Holders Funds:</u>			
Share Capital	2	20,68,650	20,68,650
Reserves and Surplus	3	(23,93,92,686)	(20,53,69,037)
Share Application Money pending allotment:	4	-	-
<u>Non-Current Liabilities:</u>			
Long Term Borrowings	5	23,75,203	23,75,203
<u>Current Liabilities:</u>			
Short Term Borrowings	6	16,00,18,231	13,75,26,977
Trade Payables	7	2,33,859	2,11,509
Other Current Liabilities	8	7,55,36,278	6,40,48,320
Short Term Provisions	9	69,736	69,735
TOTAL		9,09,271	9,31,357
<u>ASSETS</u>			
<u>Non-Current Assets:</u>			
Fixed Assets	10		
Tangible Assets		4,20,438	4,29,297
Intangible Assets		-	-
Non-Current Investments	11	6	6
Long-Term Loans and Advances	12	10,741	10,988
<u>Current Assets:</u>			
Inventories	13	74,544	75,759
Trade Receivables	14	52,270	52,077
Cash and Bank Balances	15	18,746	30,464
Short-Term Loans and Advances	16	3,32,526	3,32,766
Other Current Assets	17	-	-
TOTAL		9,09,271	9,31,357
Notes on Financial Statements	1to30		
Accounting Policies	31		

PHILIP JOHNGeneral Technical Manager/
Unit Chief**S.GIRISH KUMAR**Director Finance &
Chairman cum Managing Director**SUNIL KUMAR SINGH**

Director

Vide our Report of even date attached,

For Khicha &Prabu Kesavan

Chartered Accountants

Firm Registration Number: 0501085

Place : Coimbatore

Date : 14.08.2018

Anil Khicha

Partner

Membership No. 27975

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2018

(Rs. In Thousand)

	Note	Year Ended 31st March 2018	Year Ended 31st March 2017
<u>INCOME</u>			
Revenue from Operations	18	-	-
Other Income	19	1,525	13,017
Total Revenue		1,525	13,017
<u>EXPENDITURE</u>			
Cost of Material Consumed	20	160	(225)
Purchase of Stock in Trade	21	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	22	1,046	(1474)
Employee Benefit Expense	23	4,486	48,275
Finance Costs	24	3,36,12,790	2,86,50,598
Depreciation and Amortization Expense	25	8,859	3,14,091
Other Expense	26	13,773	13,294
Total Expenses		3,36,41,114	2,90,24,559
Loss before Extraordinary Items		(3,36,39,589)	(2,90,11,542)
Extraordinary Items	27	3,84,059	1,60,030
Loss for the year		(3,40,23,648)	(2,91,71,572)
Add (-)/Less (+) Prior Period Adjustment	28	-	
Net Loss carried over to Balance sheet		(3,40,23,648)	(2,91,71,572)
Basic and Diluted Earnings per Share of Face value of Rs.10.00 each.	29	(164)	(141)
Notes on Financial Statements	1 to 30		
Accounting Policies	31		

PHILIP JOHN

 General Technical Manager/
Unit Chief

S.GIRISH KUMAR

 Director Finance &
Chairman cum Managing Director

SUNIL KUMAR SINGH

Director

 Vide our Report of even date attached,
For Khicha & Prabu Kesavan,
Chartered Accountants
Firm Registration Number: 0501085

Place : Coimbatore

Anil Khicha

Date : 14.08.2018

 Partner
Membership No. 27975

Notes on Financial Statements for the year ended 31st March, 2018

1 CORPORATE INFORMATION

M/s. Hindustan Photo Films Mfg. Co. Ltd. is registered with the Registrar of Companies- Madras on 30th November, 1960 as a Public Limited Company under the Companies Act 1956, vide Registration No; 000379. (CIN NO; L33201TZ1960GOI000379). The Registered Office of the Company is located at Indunagar, Udthagamandalam, Nilgiris District, Tamilnadu 643005

	As at 31.03.2018	As at 31.03.2017
2 SHARE CAPITAL		
Authorised 210000000 equity shares of Rs.10/- each	21,00,000	2,10,000
Issued subscribed and paid up 20,68,65,000 equity shares of Rs.10/- each fully paid up (including 1,05,00,000 shares issued as paid up converting Govt. loans as equity)	20,68,650	20,68,650
3 RESERVES AND SURPLUS		
Capital reserve	0	0
Export profit reserve	11	11
Bond Redemption Reserve	2,21,121	2,21,121
Total	2,21,132	2,21,132
PROFIT & LOSS ACCOUNT		
Balance as per last Balance sheet	(20,55,90,169)	(17,64,18,598)
Add loss for the year	(3,40,23,648)	(29,17,15,71)
	(23,96,13,818)	(20,55,90,169)
Total A-D	(23,93,92,686)	(20,53,69,037)
4 SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share Capital Deposit	0	0
5 LONG TERM BORROWINGS		
Secured loans		
Long term loans		
HPF Bonds A Series	12,11,103	12,11,103
UTI Funded Interest loan	85,398	85,398
	12,96,501	12,96,501
Bridge loans		
From Banks	7,69,657	7,69,657
DPG Loan		
State Bank of India	1,91,425	1,91,425
Un secured loans		
Term loans		
Canara Bank Bond interest loan	8,648	8,648
SBI bond interest loan	1,08,972	1,08,972
Total	23,75,203	23,75,203
6 SHORT TERM BORROWINGS		
Secured		
Cash Credit From Banks		
State Bank of India	13,70,815	13,70,815

Interest accrued and due	8,44,13,661	7,12,60,186
Indian overseas bank	2,39,464	2,39,464
Interest accrued and due	1,43,57,632	1,21,83,596
Syndicate bank	1,04,703	1,04,703
Interest accrued and due	81,30,768	68,45,062
State bank of Patiala	99,129	99,129
Interest accrued and due	57,89,731	49,77,475
State bank of Travancore	2,01,177	2,01,177
Interest accrued and due	85,78,389	72,70,794
Indian bank	20,085	20,085
Interest accrued and due	5,89,737	4,94,533
Canara bank	35,892	35,892
Interest accrued and due	35,45,976	29,24,330
SBI- Indunagar	0	0
	12,74,77,159	10,80,27,240
Letters of Credit		
Canara bank	28,036	28,036
Interest accrued and due	28,30,847	23,34,677
Indian bank	15,556	15,556
Interest accrued and due	13,41,022	11,29,235
	42,15,460	35,07,504
Un secured loans		
Govt of India Loans	52,15,676	52,05,676
Interest accrued and due	1,54,54,191	1,41,14,779
	2,06,69,868	1,93,20,455
Letter of credit		
Citi bank	36,302	36,302
Interest accrued and due on LC	5,76,190	4,84,968
	6,12,492	5,21,270
Inter corporate loans		
Marutiudyog Ltd, New Delhi	50,000	50,000
National mineral Dev.Corpn, Hyderabad	45,000	45,000
Kudremukh iron ore ltd , Bangalore	1,80,000	1,80,000
Bharat Electronics ltd, Bangalore	13,200	13,200
PawanHans helicopters ltd. Delhi	72,500	72,500
Interest accrued and due on Inter Corp loans	66,82,552	57,89,808
	70,43,252	61,50,508
Total	16,00,18,231	13,75,26,977
7 TRADE PAYABLE		
Sundry creditors	1,77,305	1,77,034
Works contracts	24,104	24,206
Debit balance in 051 a/c (C)	0	0
Debit balance in 052 a/c (C)	0	0
Salaries and wages No. I a/c due	29,409	0
Salaries and wages No. II a/c due	147	7,402
LTA/TA Payable	2,894	2,866
Total	2,33,859	2,11,509

8	OTHER CURRENT LIABILITIES		
	ECPF Compulsory contribution	4,638	6,773
	ECPF Voluntary contribution	2,653	3,846
	ECPF Company contribution	10,874	11,492
	ECPF refund of loans and advances	4,996	7,029
	Labour welfare fund	1	1
		23,162	29,140
	Credit balance in 181 a/c (C)	6,658	6,658
	Credit balance in 184 a/c (C)	9	9
		6,667	6,667
	Unclaimed HPF Bonds A series & Interest	3,596	3,596
	Liabilities for other expenses	4,62,856	1,02,554
	HPF Co-op stores	0	0
	Co-op thrift and credit socy	10,193	7,054
	Salaries and wages - Lic premium recy	563	182
	Salaries and wages - Income tax	0	53
	Salaries and wages - Post office CTD/RD	0	0
	Salaries and wages - Staff club	0	0
	Salaries and wages - Other recoveries	1,101	879
	Security deposit from work contractors	4,478	4,356
	Security deposit from suppliers	18	18
	EMD	4,543	4,543
	Deposit from others	1,068	1,068
	CST recoveries	0	0
	SST recoveries	1,945	1,945
	Canteen coupon control account	49	76
	SC on ST recoveries	0	0
	IT recoveries	11,50,776	9,99,243
	Loan on deposit account	0	0
		16,37,592	11,21,971
	Interest accrued but not due on Govt loans	37,111	52,632
	Interest accrued and due on -HPF bond	46,62,506	44,46,045
	Interest accrued and due on -UTI funded loan	4,99,328	4,75,062
	Interest accrued and due on -Bridge loans	4,86,06,208	4,10,54,076
	Interest accrued and due on -DPG loans	1,18,29,803	99,37,685
	Interest accrued and due on - Term loan Canara bank	14,18,541	11,70,847
	Interest accrued and due on - Term loan SBI	68,11,764	57,50,597
		7,38,28,149	6,28,34,312
	Indian bank OD	0	0
	Total	7,55,36,278	64048320
9	SHORT TERM PROVISIONS		
	Provision for contingencies	14,073	14,073
	Provision for leave encashment	55,663	55,663
	Total	69,736	69,736

10. Fixed Assets

Rs. In Thousand

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on	Addition	Deletion	As on	As on	For the year	As on	As on	As on
	01.04.2017	2017-18	2017-18	31.03.2018	01.04.2017	2017-18	31.03.2018	31.03.2018	31.03.2017
Land Free hold & Lease Hold*	1,118	0	0	1,118	0	0	0	1,118	1,118
Roads & Approaches	2,554			2,554	1,170	26	1,196	1,358	1,384
Buildings	2,49,369	0	0	2,49,369	1,75,381	6,659	1,82,040	67,329	73,988
Electrical Installations	1,49,516	0	0	1,49,516	1,39,231	422	1,39,653	9,863	10,285
Plant & Machinery	66,27,606	0	0	66,27,606	62,94,605	87,994	63,82,599	2,45,007	3,33,001
Laboratory Equipments	31,341	0	0	31,341	27,084	1,489	28,573	2,768	4,257
Office Misc. Equipments	26,612		0	26,612	24,926	203	25,129	1,483	1,686
water works	58,561	0	0	58,561	55,633	0	55,633	2,928	2,928
Furniture, Fixture, Fittings	6,008	0	0	6,008	5,654	27	5,681	327	354
Motor Vehicles	5,074	0	0	5,074	4,777	0	4,777	297	296
Current Year Total	71,57,759	0	0	71,57,759	67,28,461	96,820	68,25,281	3,32,478	4,29,297
Previous Years Total	71,57,759	0	0	71,57,759	64,14,371	3,14,091	67,28,462	4,29,297	7,43,388

11 NON CURRENT INVESTMENTS

Shares with HPF employees co-op stores

6 6

Total
6 6
12 LONG TERM LOANS AND ADVANCES

Other miscellaneous advance to employees (HBA)

8,288 8,288

Advance income tax / TDS

2,453 2,700

Total
10,741 10,988
13 INVENTORIES

Stores and spares

56,368 56,368

Printing and stationery

188 196

Loose tools

3 3

Raw materials

70,828 70,828

Process stock

10,393 11,439

Finished goods

0 0

Reclaimable scrap

3,610 3,770

1,41,390 1,42,605
Less : Provision for obsolete/surplus items

Stores and spares

41,517 41,517

Raw materials

25,329 25,329

Finished goods

0 0

66,846 66,846

Total A-B
74,544 75,759
14 TRADE RECEIVABLE

Sundry debtors

1,33,557 1,33,557

Other misc. debtors

1,210 1,016

TSC Debtors

372 373

Photomation

7 7

Credit balance in Debtors		
Credit balance in 181 (c)	6,658	6,658
Credit balance in 184 (c)	9	9
	1,41,814	1,41,620
Less Provision for bad/doubtful debts	89,543	89,543
Total	52,270	52,077
15 CASH AND BANK BALANCES		
Cash, cheques and stamps on hand	0	0
Imprest cash - Coimbatore	2	2
Imprest cash Officers	0	0
Imprest cash - Ooty	5	9
Imprest cash - Madras	1	1
Imprest cash - Mumbai	0	0
Imprest cash - Kolkatta	2	2
Imprest cash - Delhi	13	13
Imprest cash - Bangalore	1	1
Imprest cash - Hyderabad	2	2
Petty cash pundy	0	0
Imprest cash- chandigarh	0	0
Imprest cash- Bhopal	0	0
Imprest cash- Ambattur	35	35
	61	64
Remittance in transit	0	0
Balance with scheduled banks in current accounts	0	0
SBI NO I A/c - Chandigarh	0	0
Punjab National Bank - Chennai	0	0
IOB NO. I A/c - Hyderabad	33	33
Indian bank harbour branch - Chennai	13	13
Central bank of India- Ooty	8	8
Axis bank - ooty	56	56
Central bank of India- Coimbatore	0	0
Central bank of India- Cochin	0	0
Central bank of India- Mumbai	0	0
Central bank of India- pundy	0	0
CITI Bank - chennai	97	97
Central bank of India- Patna	0	0
Central bank of India- Bhopal	0	0
Central bank of India- Bangalore	8	8
Central bank of India- Guwahati	5	5
Central bank of India- Kanpur	24	24
Central bank of India- New Delhi	0	0
Central bank of India- Kolkatta	0	0
Syndicate bank current account - Ooty	290	290
Indian bank - Padi	7	7
Indian bank - Ooty	445	82
Indian bank margin on LC	0	0
SBI NO II A/c - Ambattur	0	0
SBI NO II A/c - Chandigarh	0	0
SBI NO II A/c - Jaipur	18	18
SBI NO II A/c - Pundy	10	10
SBI Indunagar Bond interest account	0	0
Indian Bank - vadapalani	0	0
FD Principal warrant account	0	0
SBI Indunagar	900	155
SBT - ooty	182	5

	SBP - Chennai	0	0
	SBI Indunagar Bond s account	0	0
	Terminal benefit a/C SBI	45	45
	Terminal benefit a/c Indian bank	455	1,796
		2,595	2,650
	Fixed deposit with bank	16,091	27,750
	Total	18,746	30,464
16	SHORT TERM LOAN AND ADVANCES		
	Claims recoverable	2,55,988	2,55,988
	Medical advance	83	163
	Festival advance	0	55
	Pay advance	3,13,224	3,13,318
	Travelling advance	13	0
	Furniture advance	0	0
	Modvat credit	48	49
	Advance to suppliers	2,146	2,146
	Advance to others	9	44
	Octroi and other recoverable	2,801	2,801
	Other sundry recoverable	5,469	5,469
	Interest on security deposits	24	24
	Debit balance in 094 a/c (C)	0	0
	Debit balance in 051 a/c (C)	0	0
	Debit balance in 052 a/c (C)	0	0
		3,23,817	3,24,069
	Deposit with customs	10	10
	Deposit with Chennai port trust	30	30
	Deposit with Central Excise	9	9
		48	48
	Prepaid expenses	0	0
	Deposit with Electricity board	6,435	6,423
	Deposit with Telephone dept	102	102
	Deposit with others	4,584	4,584
	Deposit with Air cargo, Chennai	5	5
		11,125	11,114
	Total	5,90,979	5,91,219
	Less; Provision for doubtful of recovery	2,58,453	2,58,453
		3,32,526	3,32,766
17	OTHER CURRENT ASSETS		
	Interest accrued on FD- LC/BG margin deposit	0	0
18	REVENUE FROM OPERATION		
	Sales less returns	0	0
	Less: Excise duty/CVD	0	0
	Total	0	0
19	OTHER INCOME		
	Job order income	0	0
	Insurance claims	0	0
	Other sundry receipts	11	414
	Income from subsidised transport	0	0
	Modvat credit on customs duty	0	0
	Credit balance no longer payable	0	0
	Exchange fluctuation difference	0	1,545
	Township water receipts	0	7
	Modvat receipts	0	0

	Electricity tax refund	0	0
	Intra unit- Transport	0	0
	Other compensation receipts	0	0
		11	1,966
	Interest receipts - bank	0	0
	Interest receipts - staff	0	0
	Interest receipts - Banks	870	9,733
		870	9,733
	Township rent receipts	643	1,318
	Provisions no longer required written back	0	0
	Total	1,525	13,017
20	COST OF MATERIALS CONSUMED		
	Opening stock of raw materials	70,828	70,828
	Foreign purchase - FOB	0	0
	Ocean freight on foreign purchase	0	0
	Purchase C&I	0	0
	Insurance on foreign purchase	0	0
	Purchase foreign - C&F	0	0
	Bank charges on foreign purchase	0	0
	Customs duty on foreign purchase	0	0
	Cargo demurrage	0	0
	Handling charges on foreign purchase	0	0
	Clearing agents commission - foreign purchase	0	0
	Lorry freight on foreign purchase	0	0
	Other expenses on foreign purchase	0	0
	Purchase indigenous	0	0
	Railway freight	0	0
	Lorry freight on Indigenous purchase	0	0
	Other expenses on Indigenous purchase	0	0
	Air freight on indigenous purchase	0	0
	Goods in transit - Imported	0	0
	Goods in transit - Indigenous raw material	0	0
	Goods in transit - Indigenous other items	0	0
		70,828	70,828
	Less : closing stock of raw materials	70,828	70,828
		0	0
	Increase(-)/Decrease (+) in reclaimable scrap	160	-225
		160	-225
	Stores and spares consumed	0	0
	Total	160	-225
21	PURCHASE OF STOCK IN TRADE (BOI)		
	Opening stock	0	0
	Add: Purchase	0	0
	Less Closing stock	0	0
	Total	0	0
22	CHANGES IN INVENTORIES OF FIXED ASSETS, STOCK IN POSITION AND STOCK IN TRADE		
	OPENING STOCK		
	Finished goods	0	0
	Work in progress	11,439	9,965
		11,439	9,965
	Closing stock		
	Finished goods	0	0
	Work in progress	10,393	11,439
		10,393	11,439
	Increase/ - decrease in stock	1,046	-1,474

23	EMPLOYEE BENEFIT EXPENSES		
	Salaries and allowances	3,414	15,836
	NMR Employee wages	0	181
	Salaries and allowances staff	0	15,277
	Salaries and allowances Officers	0	10,757
	Salaries and allowances Directors	0	0
	Ex-gratia	0	0
	Workmen compensation	0	0
	Bonus	0	1,169
	Encashment of leave	2	0
		3,416	43,220
	Contribution to provident fund	0	2,871
	Contribution to Gratuity fund	147	0
	Contribution to group insurance scheme	50	25
	Contribution to ESI	0	0
	Canteen expenses	-28	697
	Subsidies to welfare organisation	11	11
	Education and training	0	0
	Intra unit expgh/canteen	314	0
	Other welfare expenses	575	1450
		873	2159
	Total	4,486	4,8275
	Less Transferred to R&D expenditure	0	0
		4,486	48,275
24	FINANCE COST		
	Interest on Govt. loans	13,23,892	12,86,035
	Interest on Bank creditors	2,02,49,097	1,71,45,441
	HPF Bond interest	216,461	2,14,841
	UTI Funded interest loan interest	24,266	23,958
	Interest on other items	64,868	57,303
	Interest on inter corporate deposits	9,81,096	8,28,625
	Bridge loan interest	75,52,131	63,96,930
	SBI DPG Loan interest	18,92,118	15,94,302
	Can. Bank bond int loan interest	2,47,694	2,04,706
	SBI Bond interest loan	10,61,168	8,98,457
		3,22,88,898	2,73,64,563
	Total	3,36,12,791	2,86,50,598
25	DEPRECIATION AND AMORTISATION EXPENSES		
	Depreciation on buildings	6,158	6,933
	Depreciation on plant and machinery	1,637	2,97,019
	Depreciation on other assets	1,063	10,139
		8,859	3,14,091
26	OTHER EXPENSES		
	Power and fuel	4,592	3,852
	Repairs and maintenance	0	0
	Building	0	0
	Plant and machinery	114	100
	other assets	5,133	5,078
	maintenance of motor vehicle	249	365
		5,495	5,543
	Rent	0	0

Lease rent-Project	1,193	1,193
Insurance	0	0
Building	0	0
Plant and machinery	0	0
Vehicles	20	20
Stock	0	0
Others	170	303
	190	324
Rates and taxes	0	0
Taxes and fees on vehicles	8	8
Taxes on buildings	0	0
Other taxes and fees	337	418
	345	426
Travelling and conveyance	0	0
Travelling expenses - others	378	557
Travelling expenses - Directors	366	481
	743	1038
Administrative and Office expenses		
Laboratory expenses	0	0
Postages	17	21
Printing and stationery	38	50
Telex	0	0
Telephones	138	190
	192	261
Auditors remuneration	66	69
Directors sitting fees	8	1
Miscellaneous expenses	0	0
Bank charges	3	4
Books, journals etc	0	0
Entertainment expenses	31	33
Legal and professional charges	444	306
Other sundry expenses	221	232
Entertainment allowance - MD	35	12
Sundry debit balance written off	0	0
Subscription to trade and other assn.	0	0
Donations	0	0
Exchange rate difference	215	0
	948	587
Provisions for doubtful debts and advances	0	0
Provisions for contingencies and obsolesces	0	0
Advertisement and publicity		
Advertisement for tenders	0	0
Advertisement for recruitments	0	0
Advertisement for sales	0	0
Advertisement for other purposes	0	0
Exhibition and stalls	0	0
Selling expenses		
Agency commission on sales	0	0
Free samples	0	0
Packing and forwarding charges	0	0
Railway freight on sales	0	0
Lorry freight on sales	0	0
Octroi on sales	0	0
Other charges on sales	0	0
Air freight on sales	0	0

	Materials for internal consumption	0	0
	R&D Expenditure	0	0
	Total	13,773	13,293
	Less: Transferred to R&D expenditure	0	0
		13,773	13,293
27	EXTRAORDINARY ITEM		
	VRS payment	3,84,059	1,60,030
28	PRIOR PERIOD ADJUSTMENT (NET)		
	Interest		
	Other cost	0	0
	Income not relating to the year of account	0	0
29	EARNINGS PER SHARE		
	Net Profit / (Loss) After Tax (in Thousand)	-3,40,23,648	-2,91,71,572
	Weighted average No. of Equity Shares for Basic / Diluted EPS (No's)	20,68,65,000	2068,65,000
	Nominal Value of Equity Per Share (in Rs.)	10	10
	Basic / Diluted Earnings Per Share (in Rs.)	-164	-141

30. Notes on Financial Statement for the year ended 31st March 2018

1. Contingent Liabilities

i. Demands against the Company not acknowledged as debts since the same are Under appeal.

Municipal Tax for prior years ₹5.34 Lakh (Previous Year ₹5.34 Lakh)

ii. Others:

	₹ in lakh
a) Sales tax on silver purchase from Govt. of India Mint	297.46 (Previous year 297.46)
b) Claim by Kanj Biheri Sangli, stockist, not acknowledged as Debt	160.49 (Previous year 160.49)
c) OD Interest - Govt. Mint	2268.63 (Previous year 2164.64)
d) OD Interest - Hindustan Zinc	3730.21 (Previous year 3586.24)
Total	6456.79 (Previous year 6208.83)

iii. Against the Claim of ₹569.06 Lakh by Blue Star Ltd, and the Company's counter claim of ₹248.36 Lakh, the Arbitration Award settlement was for ₹569.06 Lakh payable to Blue Star Ltd and ₹25.91 Lakh receivable from Blue Star Ltd. The net amount payable by the Company was ₹543.15 Lakh as on 31.03.07. The appeal against the order by the company to the Madras High Court and Supreme Court were dismissed. Further claim based on the order has not been made on the Company yet.

2. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for ₹Nil (₹Nil).

3. As per the guidelines / terms for issue of bonds the Company has to create Bond Redemption Reserve equivalent to 50% of the amount of bonds issued before redemption commences. In view of losses incurred, the Company could not comply with creating the required Reserves.

4. The Company holds 173.16 acres of land transferred by the Government of Tamilnadu free of cost. In addition, the Company has also taken 28.01 acres of land on rent-free lease from the Government of Tamilnad upto 1989 and the Company has filed necessary application with the Government of Tamilnadu for renewal of lease on rent free basis. In addition, the Company has also taken 90 acres (approximately 36 hectares) of land leased out by the Government of Tamilnadu in lieu of 120 acres surrendered for setting up of expansion Project vide order No. G.O. Ms. No.95 dated 12.02.1987. The transferability of free hold / leasehold land to any third party is subject to the approval of the Government of Tamilnadu.

5. Material-in-transit (Stores, Spare Parts, Raw Materials and Finished Goods) ₹NIL (Previous year ₹NIL)

6. The Silver content in silver-bearing materials like sludge etc., included under "Reclaimable Scrap Materials" as assessed by the Quality Control Laboratory of the Company by applying SQC Techniques is reflected in the inventory.

7. Balances under unsecured loan from Inter Corporate Deposits, Trade Receivable, Loans & Advances, Trade Payable and other Current Liabilities are subject to confirmation.

8. Principal amount of loans of ₹440.87 Crores and interest accrued of ₹16581.77 Crore amounting to ₹17022.64 Crore has been secured to the extent of ₹534.73Crore consisting of

fixed assets ₹ 486.85 Crore (based on 1997 market valuation) and current assets of ₹ 47.88Crore as on 31.3.2018.

9. The 13% Secured Redeemable Non-Convertible Bonds ("A" Series) of ₹1000/- each issued in terms of the Prospectus dated 6th November 1987 have been secured by mortgage in a form and substance satisfactory to the Trustees, M/s. Canara Bank, over all the immovable properties of the Company, wherever situated including fixed Plant and Machinery and first charge by way of hypothecation of all moveable assets of the Company (save and except book debts), both present and future.

Provided, the mortgage / charge shall be subject to prior charges created and/ or to be created in favour of Company's Bankers on the stock of raw materials, semi-finished goods, consumable stores for securing the borrowing for working capital requirements in the ordinary course of business.

The Trustees to Bond Holders namely Canara Bank have ceded a first charge to State Bank of India, Overseas Branch, Chennai, Guarantor towards the loan obtained from State Bank of India, Singapore, on the Plant and Machinery acquired out of the Foreign Currency Loan together with pari-passu charge on the other fixed assets along with Trustees. The Foreign Currency Loan had been converted into DPG Loan.

M/s. Canara Bank, has initiated proceeding under SARFAESI act on behalf of all secured creditors, and approached District Magistrate (Thiruvallur, Chennai) to take possession of the Company's property at Ambattur, Chennai.

The Bond amounts of ₹ 88 Crores were collected from the Public and ₹40 Crores through private placement with Unit Trust of India, under the consent of the Controller of Capital Issues. The Bonds are to be redeemed at par after the expiry of 7 years from the date of allotment i.e.30-01-1988 and the Unit Trust of India had extended the date of redemption upto 30-01-1998 with interest, at a rate of 18% p.a. for the extended period for ₹45 Crore. Pending arrangements with Financial Institutional Bond holders and UTI, for rollover, the interest on these bonds amount were charged at 13% and 18% respectively of original contract rate beyond the maturity date as the case may be.

Since the validity of HPF Bonds "A" Series expired on 29-01-95, the company proposed to redeem the individual Bond holders to the extent of ₹6.08 Crores. Out of this, ₹5.88 Crores (₹5.88 Crores) was redeemed upto 31st March 2016. No redemption was made in the recent past .

10. Extraordinary items represents compensation and other related payments under Voluntary Retirement Scheme.
11. The Company had been referred to BIFR in terms of the Sick Industrial Companies (Special Provisions) Act 1985, declared sick and recommended by BIFR for winding up vide order dated 30.01.2003, which had been taken on the files of the High Court of Madras in Company Petition (CP) 114 of 2003. The Company had obtained a stay from the Madras High Court in a writ petition against the implementation of above order of the BIFR.

In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of ₹ 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from January 2015. 466 employees have been relieved under this VR Scheme by 11th June 2016. The Board further decided in March 2018 that all the remaining employees would be relieved with effect from 30th June 2016.

Consequent to the CCEA decision to close the Company, the writ petition filed by the Company against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 was withdrawn. The Writ Petitions filed by the Trade Unions against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 were dismissed by the Hon'ble High Court of Madras on 29th August 2016 and the recommendation of the BIFR for winding up of the Company has been accepted.

High Court in their order dated 08.09.2017 has stated the following :- "The learned Counsel for the workmen, who represented on behalf the applicant, has stated that the winding up of the Company by the Board for Industrial and Financial Re-Construction (BIFR), New Delhi has been finally approved. The Writ Petitions have also been disposed of. Particularly, the writ petition challenging the payment of wages to the workers with respect to voluntary retirement scheme has also been disposed of. The Official Liquidator has to take charge of the assets and examine the books of records and make necessary disbursements in accordance with the priority".

12. The petition filed by Maruti Udyog Ltd., in Madras High Court against the Company has been suspended by the High Court because the Company has been referred to BIFR.

13. Employee benefits –

a) Gratuity :

i) The Company has taken a policy with LIC of India to cover the Gratuity liability. The fund available as on 31.3.2018 with LIC is ₹602.66 Lakh (Previous year ₹559.84 Lakh) and is sufficient to meet the liability against Gratuity.

ii) The amount due to HPF ECPF Trust as on 31.3.2018 is ₹231.61 Lakh (Previous year ₹291.40 Lakh). A sum of ₹nil (Previous year ₹30.00Lakh) was paid to the Trust during the year.

b) Leave Encashment : Presently, there is sufficient provision for Leave encashment liability

14. The annual Insurance Premium on fixed assets has been paid and are covered under insurance

15. An amount of ₹ 49.79 Crores being the total value of various Central Excise refund claims filed by HPF for the period 1975 to 1992 on the ground that cutting, slitting and perforation of Duty paid jumbos would not amount to a process of manufacturing u/s 2(f) of the CE Act 1944 and which is allowed on merits. The High Power Committee constituted by Government of India (GoI) for clearance of appeals between Government bodies i.e. the Committee of Disputes (COD), after having heard the case had vide their order no. COD/55/2007 on minutes dated 09.01.2008 allowed the company to pursue the case before CESTAT. The company has filed the required papers on the question of unjust enrichment and the case is presently high on board and listed for final hearing before CESTAT (bench) Chennai. The case was heard by CESTAT on 10.02.2011 and orders passed dismissing company's claim on 4.3.2011 vide Order No.395-398/11. The company has filed an appeal at the Madras High Court on 27.09.2011 vide SR No.25131.

The refund claim amount is due and expected from the Government, as Doctrine of Unjust Enrichment is not applicable to the amount due. From the time of filing the refund claim the company has firmly considered that the amount is due and receivable from the Government of India. An amount of ₹5.6 Crores was sanctioned and received by the company against other refund claims under similar grounds vide Order in Appeal No.145/97 dated 30.09.1997 of the Central Excise Department.

15.a The matter regarding the order of RLC(C), Madurai for payment of 2007 scale gratuity has been informed to the Dept of Heavy Industry and further course of action is to be taken up based on the directions from DHI , hence it is not taken as a liability.

16. a) A sum of ₹5.13 Lakh (Previous year ₹5.49 Lakh) being the book value of certain Plant and Machinery included in the fixed assets which are no longer required and kept for disposal for which realizable value is not determinable.
- (b) Steels, valves and pipe fittings value of which is ₹20.44 Lakh (Previous year ₹ 20.44 Lakh) relating to Polyester Plant, were identified as surplus and held for disposal. The realizable value is not yet determinable. Accordingly the loss if any which may arise on disposal cannot be assessed at this stage and hence not considered in the accounts.
17. Photographic goods manufacturing being the only main segment and there being no other reportable segments, there is no segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
18. a) For Current Tax: The Company is not liable for payment of Income tax for Current Year considering the current year and carried forward losses and allowances available for setoff and hence no provision is made for current year tax.
- b) In view of the losses incurred by the Company, deferred tax liability as per Accounting Standard 22 issued by Institute of Chartered Accountants of India has not been considered.
19. Income tax deducted at source (TDS) and related interest provided in the Books of Accounts in respect of inter-corporate loans from NMDC, KIOCL, BEL, PHL aggregate of ₹1186.47 Lakh and ₹ 546.10 Lakh respectively, have been reversed during the year 2001 - 02 consequent to revision order u/s 154 of the Income Tax Act 1961 dt. 28.11.2001 for the assessment year 1994-95. In respect of loan from Maruti Udyog Ltd., as no TDS was accounted during the assessment year 1994-95 and as there was no rectification order for the same for the subsequent years, the TDS deductible in respect of MUL is retained in the Books of Accounts.
20. As part of the incentive package for Revival of HPF the Government of Tamilnadu has waived the accumulated Forest Lease Rent upto 31.03.2010 amounting to Rs.920.53 Lakhs and also issued G.O that the accumulated consent fee for Air & Water due to TNPCB of Rs.23.13 lakhs will not be insisted upon. Based on the G.O. the amount has been reversed. The current demand for Lease rent has been accounted during the year .Subsequently, fresh G. O was received from TNPCB and based on that, demand of consent fee from TNPCB was not insisted on and has been reversed.
21. The company had initiated proceedings before the Estate Officer on recovery of outstanding License fees from Hotel Siddarth Nilgiris (HSN), for occupying the Guest House from 1998 to 2004. The proceedings was completed and order passed by Estate officer in favour of the company that HSN is directed to pay the outstanding license fee amounting to Rs.56.50 lakhs within 3 months of the order. HSN has filed an appeal against the order.
22. Disclosure on related party transactions as per Accounting Standard 18 issued by Institute of Chartered Accountants of India
- | | |
|---|--|
| (i) Key Management Personnel | Shri.S.Girish Kumar
Director Finance &
Chairman cum Managing Director
(Addl. Charge)

Shri. K.Ganesan
Chief Vigilance Officer (Addl. Charge) |
| (ii) Details of transactions with Key Management Personnel Remuneration | - ₹NIL (Previous Year ₹NIL) |

23. The names of the Small Scale Industrial Undertakings to whom the Company owes a sum which is outstanding for more than 30 days: NIL
24. Disclosures under the Micro, Small and Medium Enterprises Development Act 2006. The due outstanding to suppliers at the end of the accounting year on account of principal and the amount of interest accrued and unpaid is not ascertainable in the absence of relevant information.
25. A suit has been filed by Hindustan Photo Films Officers Association for wage Revision ref. WP 15060 of 1996 and WMP 20654 of 1996 and the matter is pending before the Supreme Court. The amount is not quantifiable at this stage.
26. Loans and advances :-
Honorable HC of Madras vide its order dated 17.03.2017 held VRS package valid and directed to Implement it within one month of the order. SLP was filed in SC against the order and the same was dismissed on 19.02.2018 with the clarification that the benefits to be given at par with others. DHI decided to implement the VRS scheme as directed by Honorable HC and as clarified by honorable SC. DHI Further directed that all remaining employees would stand relieved with effect from 30.06.2016 and salary paid as advance beyond the above date to be adjusted from VRS compensation. Accordingly the same has been adjusted from Loans & Advance.
- TDS has been deducted on VRS benefits and the company has deposited the TDS in special interest-bearing account in the name of Registrar-General, High Court of Madras in Indian bank, High Court Branch, Chennai, as per the directions of the Hon'ble High Court of Madras, pending final verdict in the appeal filed by the Income Tax Department regarding non-recovery of Income Tax from VRS benefits.
27. The company has been sick for many years with capacity utilization below 5%. The company is unable to assess the loss due to impairment of fixed assets in view of the high cost involved for such an exercise. Hence loss due to impairment of assets has not been assessed as per AS-28.
28. a. The details with respect to provision as per AS-29 is as follows: (₹ In Lakh)

Details	Opening balance	Provision For the year	Withdrawals for the year	Closing balance
Debtors	895.43	---	---	895.43
Claims	2584.53	---	---	2584.53
Stock	668.46	---	---	668.46
Liabilities	687.44	---	---	687.44

- b. Consequent to the change in Accounting Policy, the Company has not made provision for Bad & Doubtful debts and for obsolete items for the current year.
29. Prior period adjustments of ₹Nil (Net Debit) [previous Year ₹Nil (Net Debit) are expenses / income which arise / identified in the current period pertaining to Financial Statements prepared in earlier years.

30. Notes on Financial Statement for the year ended 31st March 2018 (Continued)

30. (a) Particulars of Capacity, Production, Raw Material Consumed, Turnover etc.,

Capacity and Production:

S. No.	Class of Goods	2017-18			2016-17		
		Licensed *	Installed **	Production @@	Licensed *	Installed **	Production @@
1	Cine Film (Positive and Negative including Sound and Colour Films and Photo Paper) M.Sq.m	12.347	15.260	0.000	12.347	15.260	0.000
2	X-Ray Film - M.Sq.m	13.668	11.820	0.000	13.668	11.820	0.000
3	Roll Films – M.Sq.m	1.010	0.310	0.000	1.010	0.310	0.000
4	Graphic Arts – M.Sq.m	3.000	#2.250	0.000	3.000	#2.250	0.000
5	Industrial X-ray – M.Sq.m	0.750	#0.510	0.000	0.750	#0.510	0.000
6	Processing Chemicals – Tonnes	NA	400	0.000	NA	400	0.000
7	Silver Nitrate – Tonnes	90@	120	0.000	90@	120	0.000
8	Magnetic Tape – MRM	1500	550	0.000	1500	550	0.000

NA Not Applicable

* Revised as per re-endorsed license

** Represents total integrated/conversion capacity of the plant as re-assessed and approved by the Board in 1981 [including the capacity of the additional Coating Plant for X-ray which needs to be assessed technically after stabilization of production].

@ Includes licensed capacity of refined silver of 81 MT as supporting facility

@@ Includes job order conversion of 0.000 M.Sq.m. [0.000 M.sq.m] imported jumbo rolls.

Installed Coating capacity in New Polyester based project as per approved RCE-II is Medical X-ray 15.03 M.Sq.m., Graphic Arts 2.25 M.sq.m., Industrial X-ray 0.51 M.Sq.m. [ie., Total of 17.79 M.sq.m. p.a.], but constraint factor for these products is given below:

Medical X-ray : 11.82 M.sq.m. [Conversion including at Ooty and Ambattur]

Graphic Arts : 2.25 M.sq.m. [Coating]

Industrial X-ray : 0.51 M.Sq.m. [Conversion including Ooty and Ambattur]

30. Notes on Financial Statement for the year ended 31st March 2018 (Continued)

30 (b) RAW MATERIALS CONSUMED

VALUE : ₹ In. Lakh

	UNIT	2017-18		2016-17	
		QUANTITY	QUANTITY	QUANTITY	VALUE
Cellulose Tri Acetate	Kg	0.00	0.00	0.00	0.00
Silver	KG	0.00	0.00	0.00	0.00
Methylene Chloride	KG	0.00	0.00	0.00	0.00
Methanol	KG	0.00	0.00	0.00	0.00
Triphenyl Phosphate	KG	0.00	0.00	0.00	0.00
Gelatine	KG	0.00	0.00	0.00	0.00
Acetone	KG	0.00	0.00	0.00	0.00
Baryta Coated Paper	SQM	0.00	0.00	0.00	0.00
Polyester Base	SQM	0.00	0.00	0.00	0.00
Coated Jumbo	SQM	0.00	0.00	0.00	0.00
Other Materials			0.00		0.00
TOTAL			0.00		0.00

30 (c) Turnover and Stock of Goods Produced and bought out items

Value : ₹ in Lakh :: Quantity : In Lakh Sq.M.

CLASS OF GOODS	YEAR ENDED 31-03-2018				YEAR ENDED 31-03-2017			
	TURNOVER		Closing stock		TURNOVER		Closing stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Cine Film Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
X-Ray : Produced :	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roll Film : Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Photo Paper: Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gr. Arts : Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indl X-Ray-Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Magnetic Tape : Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemical Produced (in Tons)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Misc : Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		0.00		0.00		0.00		0.00

30. Notes on Financial Statement for the year ended 31st March 2018 (Continued)

30 (d) Information regarding Remuneration

(₹ in Lakh)

	2017-18	2016-17
i. Director Finance, Chairman-cum- Managing Director(Addl. Charge)- Salary	---	---
ii. Chief Vigilance Officer	---	---
Provident Fund and Other Funds	---	---

30 (e) Particulars of Imports, Expenditure / Earnings in Foreign Currencies/Exchange etc.,

(₹ in Lakh)

	2017-18		2016-17	
	₹ in Lakh	Percentage of Consumption	₹ in Lakh	Percentage of Consumption
i. Raw Materials				
Components and Spare Parts	---		---	
Capital Goods	---		---	
ii. Value of Raw Materials, Stores and Spare Parts Consumed				
Raw Materials				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	0.00	0.00	0.08	100.00
Stores and Spare Parts				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	0.00	0.00	0.00	0.00
				(₹. in Lakh)
iii. Expenditure in Foreign Currencies (Cash Basis)	---		---	
iv. Earnings in Foreign Exchange Export of Goods (FOB)	---		---	

Figures for the previous year have been re-grouped/reclassified wherever necessary.

Figures in the brackets in accounts reflect negative balance.

31. ACCOUNTING POLICIES

1. GENERAL:

The Financial statements are prepared under the historical cost convention and ongoing concern basis. These Statements have been prepared in accordance with applicable mandatory Account Standards and relevant presentational requirements of Companies Act 2013.

2. FIXED ASSETS:

1. Fixed Assets are valued on historical cost.
2. Land: The expenditure on development of land including leasehold land is capitalized as part of the cost of land.

3. INTANGIBLE ASSETS:

Patents are stated at cost of acquisition less accumulated amortization. Patents are amortized over a period not exceeding ten years on straight line basis.

4. DEPRECIATION:

- i. Depreciation is provided on straight line basis with regard to assets existing as on 31.03.1987, at the rates specified in the Income Tax Act, 1961 and in respect of assets acquired thereafter, at the rates prescribed in the Companies Act. Depreciation is charged on pro-rata basis in respect of additions.
- ii. Asset costing less than ₹5000/- are depreciated at 100%.

5. INVESTMENTS:

Investments are valued at Cost.

6. CURRENT ASSETS, LOANS AND ADVANCES:

a. Valuation of Inventories

Stores and Spares	:	At Cost
Loose tools	:	At Cost Less Depreciation
Raw Materials	:	At Cost
Imported jumbo raw materials	:	At Cost or Net Realizable Value whichever is lower
Reclaimable scrap/Anode slime	:	At Net Realizable Value
Process stock	:	At Cost or Market value whichever is lower
Finished goods	:	At Cost or Net Realizable Value whichever is lower

- b. Closing stock of Raw materials are valued by including all direct cost incurred in connection with bringing it to the present location. Selling prices (net of discount) as reduced by costs to completion have been adopted in arriving at "net realizable values".
- c. Finance charges and administrative overheads are excluded in computing the cost of finished goods and work-in-progress.
- d. i. The inventories are valued on FIFO basis except silver content of work-in-progress and scrap which are valued on Quarterly moving average method.
- ii. The finished goods as at the end of the year have been taken into account as per the physical verification and the excess / shortage between the physical inventory and the stock records have

been suitably adjusted in the accounts. Provision for non-moving materials (obsolete/surplus items, Stores & Spare Parts and Raw Materials) have been made for more than five years old.

- iii. The Octroi Duty paid on finished goods is treated as recoverable i.e. as deferred charges in as much as it has not been included in the selling price or in the value of inventories. The Octroi Duty recoverable on duty paid goods lying as Closing Stock is calculated by applying the rate of duty and price prevailing as at the end of the year.

7. TRADE RECEIVABLES:

Trade Receivables include Trade Debtors for goods supplied and services rendered.

8. CLAIMS:

- i. Sums paid on account of statutory requirements or otherwise but are under dispute are treated as claims recoverable from the concerned authorities on the merits of each case.
- ii. Insurance and other claims are treated as recoverable when the claim is preferred and the same is adjusted in the year of settlement

9. RETIREMENT BENEFITS:

- i. Gratuity : The Company has taken a policy with LIC of India to cover the Gratuity liability. The fund available with Life Insurance Corporation on account of Gratuity is sufficient to meet the Gratuity liability.
- ii. Leave Encashment benefit on retirement of employees is accounted on company's own estimation and there is sufficient provision in the accounts against leave encashment liability.
- iii. Since the Government has suspended the facility of LTC for the employees of Central Government Public Sector Enterprises where wage revision is still pending from 1.1.1992 or 1.1.1997, provision for LTC has not been made during the year.

10. EXCHANGE DIFFERENCES:

- i. Foreign Currency Balances (Revenue & Capital) / Loans have been realigned on the basis of exchange rate prevailing as on the date of Balance Sheet.
- ii. The exchange differences arising out of current liabilities and current assets are recognized in the Revenue Account

11. MATERIAL COST:

- i. The import duty payable on imported materials is accounted on accrual basis.
- ii. The Excise Duty and MODVAT Relief are considered as elements of cost.

12. EMPLOYEE BENEFIT EXPENSES :

VRS at 2007 Notional Pay Scale has been implemented in the Company from January 2015. 466 Employees have been relieved upto June 2016 and the remaining employees stands relieved on 24.4.2018 with effect from 30.6.2016

13. EXCISE DUTY:

Excise Duty is accounted for, on clearance of goods and sales includes Excise duty. Such treatment does not affect profitability.

14. REVENUE RECOGNITION:

- i. Generally Revenue is recognized on sale of goods, provided the property in the goods is transferred for a price and all significant risks and ownership have been transferred to the buyer and no effective control is retained over the goods transferred, and no significant uncertainty exists regarding collection of consideration that would be derived.

- ii. Generally Revenue is recognized in respect of rendering of services provided and no significant uncertainty exists regarding the collectability of consideration that would be derived.
- iii. Generally Revenue arising from the use of Company's resources by others is recognized provided no significant uncertainty exists regarding collectability of the consideration that would be derived.
- iv. Generally the sales value includes discount and commissions based on the total realization value. The discount and commissions are booked as expenditures separately.

PHILIP JOHN
General Technical Manager/
Unit Chief

S. GIRISH KUMAR
Director Finance &
Chairman cum Managing Director

SUNIL KUMAR SINGH
Director

Vide our Report of even date attached

For Khicha & Prabu Kesavan
Chartered Accountants
FRN:050108S

Date:14.8.2018
Place:Coimbatore

Anil Khicha
Partner
Membership No:027975

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

CASH FLOW FROM OPERATING ACTIVITIES	This Year	Previous Year
Net Profit/(loss) before tax and extraordinary items & Prior Period Transaction (PPT)	(3,40,23,648)	(2,91,71,572)
Adjustments for		
Depreciation	8,859	3,14,091
Finance Cost	3,36,12,791	2,86,50,598
Extraordinary items	3,84,059	1,60,030
Other Non Operative Income	(1,525)	(13,017)
Operating profit before working capital changes	(19,466)	(59,870)
Adjustments for (Increase)/Decrease in Operating Assets		
Inventories	1,215	(1,692)
Trade Receivable	(193)	(179)
Short term Loans & advances	240	(10,299)
Other Current Assets	247	-
Adjustments for Increase/(Decrease) in Operating Liabilities		
Trade Payable	22,350	5,872
Other Current Liabilities	1,14,87,958	94,70,150
Short term provision	1	992
Cash flow generated from operations	1,15,11,818	94,64,844
Direct Taxes Paid	-	-
Cash flow before extraordinary items & Prior Period Transaction (PPT)	1,14,92,352	94,04,974
Extraordinary items	3,84,059	1,60,030
Net cash from operating activities (A)	1,11,08,293	92,44,944
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	1
Sale of Fixed Assets	-	-
Interest Received	1,525	13,017
Long Term Loans & advance	-	-
Net cash used in investing activities (B)	1,525	13,018
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	-	-
Proceeds from Short term Borrowings	2,24,91,254	1,92,83,539
Repayment of Short term Borrowings	-	-
Proceeds from Long term Borrowings	-	-
Repayment of Long term Borrowings	-	-
Finance Cost	(3,36,12,790)	(2,86,50,598)
Net cash from financing activities (C)	(1,11,21,536)	(93,67,059)
Net increase / decrease in Cash and Cash equivalents (A + B + C)	(11,718)	(1,09,097)
Cash and cash equivalents as at the beginning of the year	30,464	1,39,561
Cash and cash equivalents as at the end of the year	18,746	30,464
As per our audit report on even date		

PHILIP JOHN
General Technical Manager/
Unit Chief

S.GIRISH KUMAR
Director Finance &
Chairman cum Managing Director

SUNIL KUMAR SINGH
Director

Vide our Report of even date attached,
For Khicha & Prabu Kesavan
Firm Registration Number: 050108S

Anil Khicha,
Partner
Membership No.027975

Place: Coimbatore
Date : 14.8.2018

INDEPENDENT AUDITOR'S REPORT

To The Members of HINDUSTAN PHOTO FILMS MFG CO. LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HINDUSTAN PHOTO FILMS MFG CO. LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss, the statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Basis for Adverse Opinion

1. The company has not prepared the financial statements on liquidation basis, though it ceases to be a going concern as winding up recommendation is accepted by high court, however, the Official Liquidator is yet to take charge (Ref Note 30 SL 11). We are unable to determine consequential adjustments to items of financial statements.
2. The Company has not prepared Ind AS Financial Statement as required under Section 133 of the Act, read with relevant rules issued there under. Further the financial Statement does not comply with the requirement of Companies Act 2013 -Division II - Schedule III and Framework for preparation and presentation of Financial Statements in accordance with Indian Accounting Standard with regard to classification/sub classification of line items/sub line items and other requisite disclosure (also notes providing additional information) including the following:
 - i. Long term borrowings consisting of loans and debentures from various financial institution are classified as non Current liabilities. Since the Company has breached the terms of agreement regarding repayment of loan and interest it does not have unconditional right to defer the settlement and consequently the same should be classified as Current Liability. (Refer Note no. 5)
 - ii. Non disclosure of Nature of security, repayment terms and details of default in repayment of principal and interest.
 - iii. Non Disclosure of amounts due to MSME Creditors.
3. Regarding Property, Plant and Equipment, Capital-Working-Progress (CWIP) and Depreciation:
 - a. The Company has not carried out assessment of useful life and hence no impairment has been charged to profit & Loss. (Refer Note no.30.27)
 - b. Company is providing depreciation on straight line basis with regards to asset existing as on 31.03.1987 at the rates prescribed in the Income Tax Act 1961 and in respect of assets acquired thereafter at the rates prescribed in the Companies Act, 1956 which is not as per the requirements of the Companies Act 2013 which mandates calculation of depreciation as per useful life of the asset. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained. (Refer Note no.31.4)
4. Contingent liabilities for disputed claims against the Company are not determined and disclosed fully. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained. (Refer note no. 30.1)
5. The Company has not created provision for bad and doubtful debts and for non moving inventory as the Company has closed the operations since 2013 and the receivables & inventory may not realize the amount stated therein. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained.
6. The Company has not created liability for cases which are held unfavorable to the company and where further appeal is not possible or further appeal may not fructify as advised by the

solicitors. Consequently Current liabilities and Loss is understated. However in absence of relevant information quantification cannot be made.

8. The Company has not created Debenture Redemption Reserve as required by the terms of issue. Consequently Other Equity - Reserves & surplus are understated and –Profit is overstated. (Refer note 30.3 also).
9. Balances under advances, deposits, receivables, bank accounts, current liabilities, long term borrowings are subject to confirmation, reconciliation and consequential adjustments. However, the impact thereof on the financial statements cannot be ascertained. (Refer note 30.7 also).
10. Penalty and interest for non /delayed statutory compliances i.e Income tax, Excise Duty, Sales tax etc are not provided for. Consequently, loss and Other Current Liabilities are understated. However, we are unable to quantify the impact thereof on the financial statements.

Adverse Opinion

In our opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not give the information required by the Act, in the manner so required and do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the **state of affairs** of the Company as at 31st March 2018, and its **loss** (including), its **cash flows** for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies(Auditor’s Report) Order, 2016 ('the Order') issued by Central government of India in terms of sub section (11) of section 143 of the Act, we give in the “Annexure A” a statement on matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. **Further to our comments in the Annexure we state that:**
 - a. We have sought and, except for the effects/possible effects of the matter described in the Basis for Adverse Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for purpose of our audit;
 - b. Except for the effects/possible effects of the matter described in the Basis for Adverse Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from examination of those books.
 - c. Except for the effects/possible effects of the matter described in the Basis for Adverse Opinion paragraph above, the Balance Sheet, the Statement of Profit and Loss, the Statement of cash Flows dealt with by this Report are in agreement with the books of account.
 - d. The aforesaid financial statements do not comply with Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;
 - e. The matter described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. On the basis of written representation received from the directors as on 31st March, 2018, and taken on record by Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g. The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph above.

- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report;
- i. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i. The Company has not disclosed the impact of pending litigation on its financial position in its financial statements-Refer note no. 30.1 to the financial statements; and also attention is drawn to Para: Basis for Adverse opinion, point no. 4 Contingent liabilities.
- ii. The Company does not have any long-term contracts including derivative contracts.
- iii. There is amount required to be transferred, to the Investor Education and protection Fund by the Company.
3. Further, in compliance with the provision of the section 143(5) of Companies Act 2013, the sub directions issued by the Comptroller and Auditor General of India, we report that:
- a. Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not please state the areas of freehold and leasehold land for which title/lease deeds are not available.
- All documents of title, deeds, documents, instruments, writings and other evidences" pertaining to the Company's immovable properties have been deposited by the Company with the Trustees for the Bonds i.e.M/s. Canara Bank, in June 1988, for creating mortgage in favour of the Trustees for the Bonds.
- Sale-deed for the 4.49 acres of land at Ambattur executed later by Tamil Nadu Small Industries Development Corporation Limited in favour of the Company is available with the Company.
- b. Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.
- As per records, there has not been any waiver / write-off of Debts /Loans / Interests.
- c. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant (s) from the Government or other authorities.
- It’s reported that no inventories lying with third parties and no assets received as gift from Govt. or other authorities. However, as reported in the last year certain assets are transferred free of cost by GOK wherein quantity has been recorded with full description of the assets and value being Nil in the T& P register maintained in the divisions.

FOR KHICHA & PRABU KESAVAN
Chartered Accountants
FRN: 050108S

Date: 14.08.2018
Place: Coimbatore

Anil Khicha
Partner
MembershipNo:027975

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in our report of even date on the accounts of **HINDUSTAN PHOTO FILMS MFG CO. LIMITED** as at and for the year ended 31st March 2018)

i. In respect of Fixed Assets

- a. In our opinion and according to information and explanations given to us the Company has maintained proper records, for showing full particulars, including quantitative details and situation of fixed assets.
- b. In our opinion and according to information and explanations given to us during the course of audit physical verification is not done by the management at reasonable interval. According to the information and explanations given to us, material discrepancies were noticed on such verification and have not been properly dealt in the books of accounts.
- c. In our opinion and according to information and explanations given to us during the course of the audit, the title deeds of immovable property are not held in the name of company in many cases.

ii. In respect of Inventories

In our opinion and according to information and explanations given to us during the course of the audit the physical verification of inventory was not conducted at reasonable interval by management.

iii. In respect of Loans granted to parties covered in the register maintained u/s 189 of the Companies Act, 2013

In our opinion and according to information and explanations given to us during the course of the audit, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently the provisions of paragraphs 3(iii) of the order are not applicable to the company.

iv. In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013

In our opinion and according to information and explanations given to us during the course of the audit, the Company has not made any loan, investment, guarantee and security. Consequently the provisions of paragraphs 3(iv) of the order are not applicable to the company.

v. In our opinion and according to information and explanations given to us during the course of the audit, the Company has not accepted any deposits from the public during the year.

vi. As explained to us, the central government has not specified maintenance of cost records under the Companies (Cost Records and Audit) Rules 2014 under section 148(1) (d) of the Companies Act, 2013.

vii. In respect of statutory dues.

- a. In our opinion and according to information and explanations given to us during the course of the audit in respect of undisputed statutory dues including provident fund, employee’s state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have not been regularly deposited and there were delays. In our opinion and according to information and explanations given to us during the course of the audit, no undisputed amounts payable in respect of statutory dues were in arrears as on 31st March 2018 for a period of more than six months from the date they became payable.

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Nature of the Statute	Nature of the Dues	Amount (Rs in Lakh)	Period to which the amount relates	Due date for remittances	Remarks
Income Tax Act, 1961	R&D Cess	4.94	1992-93	1992-93	Not Yet paid
Companies Act, 1956	Unpaid Principal and interest on HPF 'A' series Bond shown under investor Education and Protection Fund	35.96	1994-95	30.01.02	Not Yet paid
Employees Provident Fund	PF own Contribution	46.38	June 15 to March 18	June 15 to March 18	Not Yet paid
	PF Voluntary Contribution	26.53	June 15 to March 18	June 15 to March 18	Not Yet paid
	PF Company's Contribution	108.74	June 15 to March 18	June 15 to March 18	Not Yet paid
	PF Advance Recoveries	49.96	June 15 to March 18	June 15 to March 18	Not Yet paid

b. In our opinion and according to information and explanations given to us during the course of the audit, there are no material dues of income tax, sales tax, service tax, duty of customs, and value added tax which have not been deposited with the appropriate authorities on account of any dispute.

viii. In respect of dues to financial institutions/banks/debentures

In our opinion and according to information and explanations given to us during the course of the audit, we are of the opinion that the Company has defaulted in repayment of loan or borrowing to financial institution/bank/ government or dues to debenture holders during the year.

Particulars	Amount (in Thousand)	Period of Default	Remarks
State Bank of India	13,70,815	Entire O/s including interest is overdue as on 31.03.2018	Not Yet Paid
Syndicate Bank	1,04,703		Not Yet Paid
Indian Overseas Bank	2,39,464		Not Yet Paid
State Bank of Patiala	99,129		Not Yet Paid
State Bank of Travancore	2,01,177		Not Yet Paid
Indian Bank	20,085		Not Yet Paid
Canara Bank			Not Yet Paid
-CC	35,892		Not Yet Paid
-LC	28,036		Not Yet Paid
Indian Bank	15,556		Not Yet Paid
Citi Bank	36,302		Not Yet Paid
Bridge loan From Bank	7,69,657		Not Yet Paid
DPG Loan From SBI	1,91,425		Not Yet Paid
Term Loan			Not Yet Paid
Canara Bank	8,648		Not Yet Paid
State Bank of India	1,08,972		Not Yet Paid
UTI Funded Interest	85,398	20 Years	Not Yet Paid
HPF Bond "A" Series	1,21,103	23 years	Not Yet Paid

- ix. In our opinion and according to information and explanations given to us during the course of the audit, no moneys was raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which it was raised.
- x. According to information and explanations given to us during the course of the audit, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to information and explanations given to us during the course of the audit, no managerial remuneration has been paid or provided during the year by the company.
- xii. In our opinion and according to information and explanations given to us during the course of the audit, the Company is not a Nidhi Company as defined under section 406(1) of Companies Act 2013.
- xiii. In our opinion and according to information and explanations given to us during the course of the audit, all transaction with related party are in compliance with Section 177 and 188 of the Companies Act, 2013("Act") and details have not been disclosed in financial statement as required by the Applicable accounting standards (Refer Sl. No. 2 of Basis for Adverse Para).
- xiv. In our opinion and according to information and explanations given to us during the course of the audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. In our opinion and according to information and explanations given to us during the course of the audit, the company has not entered into any non-cash transaction with directors / persons connected with the director during the year.
- xvi. In our opinion and according to information and explanations given to us during the course of the audit, the Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

FOR KHICHA & PRABU KESAVAN
Chartered Accountants
FRN: 050108S

Date: 14.8.2018
Place: Coimbatore

Anil Khicha
Partner
Membership No: 027975

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HINDUSTAN PHOTO FILMS MFG CO. LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **HINDUSTAN PHOTO FILMS MFG CO. LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:

1. Deficiencies observed in design of internal controls:
 - a. Deficiency in control over the selection and application of the accounting principles and preparation of financial statements in conformity with the Indian Accounting Standards.
 - b. Internal Audit system not in vogue.
2. Failures observed in the operations of internal control:
 - a. Failure to comply with requirement of Audit Committee and filing of documents with stock exchange.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting; such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate & effective internal financial controls over financial reporting as of March 31, 2018, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued an Adverse opinion on the financial statements.

FOR KHICHA & PRABU KESAVAN
Chartered Accountants
FRN: 050108S

Date: 14.8.2018
Place: Coimbatore

Anil Khicha
Partner
Membership No: 027975

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HINDUSTAN PHOTO FILMS MANUFACTURING CO. LTD FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on these financial statements under Section 143 of the Act, based on independent audit in accordance with the auditing and assurance standards prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 14 August 2018.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2018 under Section 143 (6)(a) of the Act .

**For and on behalf of the
Comptroller and Auditor General of India**

(R.AMBALAVANAN)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD ,CHENNAI

Place: Chennai
Date: 15 October 2018

