

लोक/राज्य सभा के पटल पर रखे जाने के लिए  
To be laid on the table of Lok/Rajya Sabha  
अधिप्रमाणित / AUTHENTICATED

दिनांक  
Date

राज्य मंत्री/MOS

भारी उद्योग एवं लोक उद्यम मंत्रालय  
Ministry of Heavy Industries of Public Enterprises

अर्जुन राम मेघवाल  
Arjun Ram Meghwal

Statement to be laid by the Hon'ble Minister of State for Heavy Industry & Public Enterprises under Section 394 (1)(b) of the Companies Act 2013 on the Annual Report of M/s Hindustan Photo Films Manufacturing Company Ltd., Ootacamund for the year 2019-20.

Government has scrutinized the Annual Report & Accounts of Hindustan Photo Films Mfg. Co Ltd (HPF) for the year 2019-20 and also reviewed the Auditors Report/comments of the CAG along with the replies of the Management and are in agreement with the report and the replies furnished by the Management. Hence no Review is being laid.

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Chairman-cum-Managing Director  
& Director (Finance)

Shri. S. Girish Kumar

Directors

Shri. Sunil Kumar Singh till 01.06.2020  
Shri. Madan Pal Singh from 02.06.2020  
Shri Purushottam M Bandekar  
Dr. Ashok Tripathi till 07.02.2020  
Dr. T. Vijayalaxmi from 30.01.2020

Auditors

M/s. Naresh & Co  
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



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**HINDUSTAN PHOTO FILMS MFG. CO.LTD.**

**NOTICE TO SHARE HOLDERS**

Telephone : 0423-2443149,2444301  
Fax : 0423-2443484

Registered Office  
Indunagar  
Ootacamund-643005

21.10.2020

**NOTICE**

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of the Shareholders of Hindustan Photo Films Manufacturing Company Limited, Ootacamund will be held through Video Conferencing on 10<sup>th</sup> November 2020 at 14.30 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 31<sup>st</sup> March 2020
- To fix remuneration of the Auditors for the year 2020-21.

**(BY ORDER)**

**(V. Vinayan)**  
**General Technical Manager & Unit Chief i/c**

To: All Members

M/s Naresh & Co  
Chartered Accountants  
27-C Mariamman Koil Street  
Villupuram  
Chennai 605 602

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**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 59<sup>th</sup> Annual Report on the working of the Company along with the Audited accounts for the year ended 31<sup>st</sup> March 2020, 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 31.3.2020 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.

Year ending 31 <sup>st</sup> March	Financial Data for the last ten years									
	(₹ in lakhs)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production	3992.46	760.94	360.60	15.09	---	---	---	--	--	--
Sales	3718.32	1256.38	373.81	124.86	---	---	---	--	--	--
Net Profit /Loss	-115665.42	-135238.95	-156531.99	-182042.26	-216276.71	-252791.86	-291715.72	-340236.48	-193.88	-235.07
Growth Rate (%)										
- Turnover	41.64	-66.21	-70.25	-66.60	---	---	---	--	--	--
- Production	56.55	-80.94	-52.61	-95.82	---	---	---	--	--	--
Net profit (As a % of)										
- Turnover	-3110.69	-10764.18	-41874.75	-145797.10	---	---	---	--	--	--
Networth	-798406.40	-933645.35	-1090177.34	-1272219.61	-1488496.32	-1761974.66	-2053690.37	-2393926.86	-2394120.73	-2394355.81
Inter Corporate loan	3607.00	3607.00	3607.00	3607.00	3607.00	3607	3607	3607	3607	3607
Gross Block										
(Excluding Capital WIP)	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59	71577.59	71577.59	71577.59
Gross Block										
(Including Capital WIP)	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59	71577.59	71577.59	71577.59
Inventories	1541.50	942.24	891.17	763.05	748.40	740.67	757.59	745.44	752.19	748.67
Depreciation	3166.17	3146.92	3147.82	3141.13	3141.13	3141.38	3140.91	88.59	--	--
Interest	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

### Personnel

There is only one executive on deputation from another CPSE.

### Insurance

The Assets of the Company are insured.



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**RTI Act**

All applications and first appeals received under RTI during the year 2019-20, have been addressed.

**Directors**

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

**Audit Committee**

As on 31.3.2020, the Audit Committee comprised of the following members:

Dr. T. Vijayalaxmi	:	Independent Director	:	Chairperson
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, 2020, 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. N.Naresh & Co., Chartered Accountants, Chennai have been appointed by the Government of India as Auditors of the Company for the financial year 2019-20.

**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

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## **Status of the Company**

The winding up proceedings recommended by BIFR and accepted by the Hon'ble High Court of Madras, has now been transferred to NCLT vide Order of the Hon'ble High Court dated 18/05/2020 in the Company Application 429/2019 filed by M/s Canara Bank.

The Company was declared sick on 23.01.1996, and recommended to be wound-up by the BIFR on 30.01.2003. This recommendation, taken on files as Company Petition CP No.114/2003 by the Hon'ble High Court of Madras, was accepted vide order dated 29.08.2016. Further, the Hon'ble High Court of Madras, vide order dated 08.09.2017, had advised the Official Liquidator to take charge of the assets and examine the books of records of the Company and make necessary disbursements in accordance with priority. However, the Official Liquidator had not taken charge.

All the production-plants had already been shut-down and there have been no production activities since June 2013. In accordance with the decision of the Government of India, to offer Voluntary Retirement Scheme to all the employees of the Company, and to take further action for closure of the Company, all the employees of the Company have been relieved on VRS with effect from 30.06.2016 or earlier under VR scheme in different phases. The Company is now prepared to be handed over to the Official Liquidator.

There is no employee on the rolls of the Company as on date. Only one executive on deputation from another CPSE is overseeing the protection and maintenance of Assets of the Company till the Official Liquidator takes charge of the Company. Take-over of the assets and liabilities and the books of record of the Company by the Ld. Official Liquidator was awaited.

### Transfer of winding up proceedings to NCLT:

Meanwhile, M/s Canara Bank, as Trustees to the Debentures issued by HPF Ltd., on behalf of the Secured Creditors, had filed a Company Application being C.A. No.429 of 2019, on 15/11/2019, before the Hon'ble High Court of Madras with a prayer "to transfer the present Company Petition C.P.No.114 of 2003 to the National Company Law Tribunal (NCLT), Chennai Bench for speedy and expeditious disposal of the Company petition". On 18.05.2020, the Hon'ble High Court has passed an order, directing the Company Petition C.P.114/2003 to be transferred to the NCLT. The transfer of the Company Petition CP114/2003 to the NCLT has not come to the consideration of the NCLT since the certified copy of the Order dated 18/5/2020 in the Company Application CA 429/2019 has not been released yet because of the constraints due to the Covid 19 related lock down conditions.

### Resuming of Forest land held by HPF:

In the meantime, the Company had received a letter dated 23/10/2019 from the District Forest Officer directing that the 303.30 acres of Forest land in the possession of HPF should be handed over to the Forest Department within 10 days. The Company had replied vide letter from the Company advocate that the Company Petition seeking winding up of the Company was subjudice, the issue relating to recovery of 80% advance was pending before the Supreme Court and hence any action initiated for resumption of lands would amount to precipitating the issue further. The DFO was requested to keep the proceedings in abeyance till December 2019, by which time, the issue was expected to be decided finally.

Another letter dated 19.02.2020 was received from the Nilgiris District Collector (received by CMD on 05.05.2020) informing the proceedings that the entire extent of 292.71 acres of forest land originally assigned to HPF was resumed and handed over back to the



Forest Department. Of this, 25 acres the forest land was identified for the construction of the new Government Medical College. In spite of the protest by the company against the resumption of the land to the forest department, on 10/07/2020, the Hon'ble Chief minister of Tamilnadu laid the foundation stone for the Medical College and the Construction works have commenced. The request of the Company to wait till a decision from the NCLT went unheeded.

However, Based on the directions of the Department of Heavy Industry, a Writ Petition WP9566/2020 was filed against the land resumption and also seeking a stay on the works of the Medical College. The Court on 22/07/2020 adjourned the matter for the state Government to file a Counter, but refused to give a stay on the works. The construction works on the site is in progress.

### **Acknowledgement**

Your Directors wish to place on record their sincere thanks to the Government of India, particularly the Department of Heavy Industry, the Bankers, executive on deputation and supportive ex-employees on contract for their co-operation and support.

**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. All the employees of the Company have been relieved on VRS with effect from 30.6.2016 or earlier as per the directions received from the Administrative Ministry. The Company is under liquidation and the Hon'ble High Court of Madras vide its order dated 8.9.2017 has advised the Official Liquidator to take charge of the Assets and examine the books of records of the Company. Takeover of Assets of the Company by the Official liquidator was awaited. Meanwhile, M/s Canara Bank, as Trustees to the Debentures issued by HPF Ltd., on behalf of the Secured Creditors, had filed a Company Application being C.A. No.429 of 2019, on 15/11/2019, before the Hon'ble High Court of Madras with a prayer "to transfer the present Company Petition C.P.No.114 of 2003 to the National Company Law Tribunal (NCLT), Chennai Bench for speedy and expeditious disposal of the Company petition". On 18.05.2020, the Hon'ble High Court has passed an order, directing the Company Petition C.P.114/2003 to be transferred to the NCLT. The transfer of the Company Petition CP114/2003 to the NCLT has not come to the consideration of the NCLT since the certified copy of the Order dated 18/5/2020 in the Company Application CA 429/2019 has not been released yet because of the constraints due to the Covid 19 related lock down conditions.

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### **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. The cash loss is around ₹ 2.35 Crores. Major portion of the accumulated losses comprise of accumulated interest and depreciation. The Net worth of the Company remains negative on account of these factors.

### **Material developments in Human Resource/Industrial Relations**

There are no employees on the rolls of the Company. All the employees stand relieved with effect from 30.6.2016 or earlier under VRS in different phases.

### **Future Prospects**

The Company had been recommended for winding up by BIFR, which had been accepted by the Hon'ble High Court of Madras. The Madras High Court had advised the Official Liquidator to take charge of the Assets and examine the books of records of the Company. Takeover of Assets of the Company by the Official liquidator was awaited. Meanwhile M/s Canara Bank has approached the Madras High Court by Company Application No.429/2020 to transfer the Company Petition No. CP114/2003 to the NCLT. On 18.05.2020, the Hon'ble High Court has passed an order, directing the Company Petition C.P.114/2003 to be transferred to the NCLT. The transfer of the Company Petition CP114/2003 to the NCLT has not come to the consideration of the NCLT since the certified copy of the Order dated 18/5/2020 in the Company Application CA 429/2019 has not been released yet

**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 31.3.2020, 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. T.Vijaya Laxmi	Director	Non-Executive	Independent Director	--	--
Purushottam M. Bandekar	Nominee Director	Non-Executive	Nominee Director (SUUTI)	--	--

- Dr. T. Vijayalaxmi was appointed as Independent Director w.e.f. 30.01.2020 vice Dr. Ashok Tripathi
- Shri. Madan Pal Singh was appointed as Part time Government Director w.e.f. 02.06.2020 vice Shri. Sunil Kumar Singh
- None of the Directors of the Company is related to any other Director of the Company and has no business relationship with the Company

##### b. Directors' Attendance

During the year 2019-20, 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 10.05.2019 30.05.2019 8.11.2019 & 7.02.2020	4	4	Yes
Sunil Kumar Singh		4	3	No
Dr. Ashok Tripathi		4	4	Yes
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 Independent / Nominee Directors are being paid Sitting Fee of ₹ 4000/- for every



meeting of the Board and ₹ 2000/- 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. 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 31.3.2020, 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 2019-20, 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 10.05.2019 30.05.2019 8.11.2019 & 7.02.2020	4	4
Sunil Kumar Singh		4	3
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 31.3.2020, 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
56 <sup>th</sup> AGM	25.9.2017 13.30 Hrs	---	Hotel Alankar Grande, Coimbatore
57 <sup>th</sup> AGM	28.11.2018 11.00 Hrs	---	Hotel City Towers Coimbatore
58 <sup>th</sup> AGM	16.08.2019 12.00 Hrs	---	Hotel Gokulam Park Cochin

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 2019-20, 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 2019-20, 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 ₹ 4000/- for every



meeting of the Board and ₹ 2000/- 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 Gokulam Park , Cochin
- **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 31.3.2020:

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

- 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



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**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 2020.
- 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 31<sup>st</sup> March 2020.

Date : 20.08.2020  
Place: Ootacamund

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



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**N Naresh & Co**  
**Chartered Accountants**

**27-C, Mariamman Koil street**  
**Villupuram , Chennai 605602**

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**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  
Indu Nagar, Ootacamund -643005

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, 2020. 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**

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.

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**

1. 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.
2. 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.
3. 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.
4. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in 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 direction including the independent directors of the Company.
5. 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**

Based on the procedures performed by us as referred in paragraph 4 and 5 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, 2020, referred to in paragraph 1 above except the following:

- A. i. Para 17 (1) (c) – Chairperson is NED, at least one -third of Board shall comprise of Independent Directors.
- ii. Para 17 (1) (d) Atleast half of Board shall comprise of independent Directors
- iii. Para 18 (1) (c) - Two – thirds of the members of audit committee shall be independent directors.
- iv. Para 18 (1) (e) - The Company Secretary shall act as the secretary to the audit committee.
- v. Para 25- 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. Para -22-Vigil Mechanism.

### **Other matters and Restriction on Use**

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.

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 shown or 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 Naresh & Co  
Chartered Accountants  
FRNo: 011293S

Place: Ootacamund  
Date: 20.08.2020

N. Ramalingam  
Partner  
Membership No:208992

**ADDENDUM TO DIRECTORS' REPORT**

S. No.	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 Hon'ble High court, however, the Official Liquidator is yet to take charge (Refer Note No.30.11). We are unable to determine consequential adjustments to items of financial statements.</p>	<p>It is true that the Company was in the process of being wound up statutorily under the orders and directions of the Hon'ble High Court of Madras and the Official Liquidator was asked to take charge of the Company. However, Official Liquidator had not taken charge of the Company, and the winding up proceedings now stand transferred to National Company Law Tribunal (NCLT) vide Order of the Hon'ble High Court dated 18/05/2020 in the Company Application CA 429/2019 filed by M/s Canara Bank.</p> <p>Earlier, during February 2014, the Cabinet Committee on Economic Affairs (CCEA) of the Govt. of India had decided to offer VRS at 2007 notional pay scale to the remaining employees on the rolls of the company and to take necessary steps for the closure of the Company.</p> <p>As a prelude to closure, all the employees of the Company stand relieved under VRS with effect from 30.06.2016 or earlier, in different batches, and as such, there are no employees on the rolls of the Company. Takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is still awaited. Under these circumstances, the Financial Statements of the Company continue to be prepared on Going concern basis.</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</p>	<p>As stated above, there are no employees on the rolls of the Company, and takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is awaited . Hence the practices which were applicable and being followed earlier for preparation of Financial Statements are being continued.</p> <p>A final decision on the nature and extent of various liabilities and assets can be made only after the appropriate authorities take charge and examines the Books and Records of the Company.</p>



	<p>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 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>	
3.	<p>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 &amp; Loss. In the absence of relevant information, the impact thereof on the financial statements cannot be ascertained. ( Refer Note No.30.27)</p> <p>b. The Company has not provided depreciation to the extent of Rs 69.74 lacs for the year ( Refer Note No.30.31 also) Moreover for earlier years, depreciation was provided 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</p>	<p>a. Since the operations of the Company had already come to a standstill in 2013, and the Company has been recommended for closure, and takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is awaited, the 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. Under the circumstances as explained above / earlier, as the operations of the Company had already come to standstill, current-year depreciation to the extent of Rs 69.74 lakhs for the year mentioned under Note No.30.31 has not been provided for.</p>

	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 )	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.
5.	The Company has not fully 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.	The Audit committee and the Board were of the opinion that it was 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. The matter is pending, since the takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is still awaited .
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 (-) and loss is understated (Refer Note No. 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 / cash accounts, current liabilities, long term borrowings are subject to confirmation, reconciliation and	The transactions had already come to standstill and confirmation certificates are also being received. The actual outstanding amounts due have been disclosed in the financial statements.



	consequential adjustments. However, the impact thereof on the financial statements cannot be ascertained. (Refer Note No. 30.7 also).	
9	Penalty and interest for non /delayed statutory compliances i.e. Income tax, GST , 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.
10	Finance cost to the extent of Rs 4,61,992.05 lakhs, are not provided for (Refer Note No. 30.30 also), consequently the Loss & Liabilities are understated to this extent.	Current-year finance costs indicated under note 30.30, not provided for, since the Company has been recommended for closure, all the employees have been relieved on VRS and only takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is awaited
	<p><b>Material Uncertainty related to Going Concern</b></p> <p>We draw attention to Note No. 3 in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The company is in the process of being wound up statutorily under the orders &amp; directions of the Hon'ble High Court of Madras (Refer Note No. 30.11 also)</p> <p>These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.</p>	<p>As explained earlier, Company was in the process of being wound up statutorily under the orders and directions of the Hon'ble High Court of Madras and the Official Liquidator was asked to take charge of the Company. However, Official Liquidator had not taken charge of the Company, and the winding up proceedings now stand transferred to National Company Law Tribunal (NCLT) vide Order of the Hon'ble High Court dated 18/05/2020 in the Company Application CA 429/2019 filed by M/s Canara Bank.</p> <p>Earlier, during February 2014, the Cabinet Committee on Economic Affairs (CCEA) of the Govt. of India had decided to offer VRS at 2007 notional pay scale to the remaining employees on the rolls of the company and to take necessary steps for the closure of the Company.</p> <p>As a prelude to closure, all the employees of the Company stand relieved under VRS with effect from 30.06.2016 or earlier, in different batches, and as such, there are no employees on the rolls of the Company.</p>



		Takeover of the assets and liabilities of the Company by the Official Liquidator/ appropriate authorities as to be decided NCLT is still awaited. Under these circumstances, the Financial Statements of the Company continued to be prepared on Going concern basis.
	<b>Adverse Opinion</b> In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the financial statements 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 March 31 <sup>st</sup> 2020, of its loss, and the cash flows for the year then ended.	

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

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

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020.**

(Rs. In Thousand)

Particulars	Note	As at 31st March 2020	As at 31st March 2019
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Share Holders Funds:</u></b>			
Share Capital	2	20,68,650	20,68,650
Reserves and Surplus	3	(23,94,35,581)	(23,94,12,074)
Share Application Money pending allotment:	4	-	-
<b><u>Non-Current Liabilities:</u></b>			
Long Term Borrowings	5	23,75,203	23,75,203
<b><u>Current Liabilities:</u></b>			
Short Term Borrowings	6	16,03,78,231	16,03,78,231
Trade Payables	7	2,44,139	2,37,419
Other Current Liabilities	8	7,51,68,634	7,51,67,450
Short Term Provisions	9	69,543	69,543
<b>TOTAL</b>		<b>8,68,819</b>	<b>8,84,422</b>
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets:</u></b>			
Fixed Assets	10		
Tangible Assets		4,20,438	4,20,438
Intangible Assets		-	-
Non-Current Investments	11	6	6
Long-Term Loans and Advances	12	10,985	10,886
<b><u>Current Assets:</u></b>			
Inventories	13	74,867	75,219
Trade Receivables	14	52,653	52,661
Cash and Bank Balances	15	37,371	52,556
Short-Term Loans and Advances	16	2,72,404	2,72,371
Other Current Assets	17	95	285
<b>TOTAL</b>		<b>8,68,819</b>	<b>8,84,422</b>
Notes on Financial Statements	1to32		
Accounting Policies	33		

**V. VINAYAN**  
General Technical Manager &  
Unit Chief i/c

**S.GIRISH KUMAR**  
Director Finance &  
Chairman cum Managing Director

**MADAN PAL SINGH**  
Director

Vide our Report of even date attached,  
**For N.Naresh & Co**  
Chartered Accountants  
Firm Registration Number: 011239S

Place : Ootacamund  
Date : 20.08.2020

**N.Ramalingam**  
Partner, Membership No. 208992



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. In Thousand)

Particulars	Note	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>INCOME</b>			
Revenue from Operations	18	-	-
Other Income	19	2,341	3,924
<b>Total Revenue</b>		<b>2,341</b>	<b>3,924</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	20	64	(90)
Purchase of Stock in Trade	21	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	22	289	(586)
Employee Benefit Expense	23	1,659	(2,463)
Finance Costs	24	0	0
Depreciation and Amortization Expense	25	0	0
Other Expense	26	23,836	21,980
<b>Total Expenses</b>		<b>25,848</b>	<b>18,841</b>
Loss before Extraordinary Items		(23,507)	(14,917)
Extraordinary Items	27	-	4,471
<b>Loss for the year</b>		<b>(23,507)</b>	<b>(19,388)</b>
Add (-)/Less (+) Prior Period Adjustment	28	-	-
<b>Net Loss carried over to Balance sheet</b>		<b>(23,507)</b>	<b>(19,388)</b>
Basic and Diluted Earnings per Share of Face value of Rs.10.00 each.	29	(0.11)	(0.09)
Notes on Financial Statements	1 to 32		
Accounting Policies	33		

**V. VINAYAN**  
General Technical Manager &  
Unit Chief i/c

**S.GIRISH KUMAR**  
Director Finance &  
Chairman cum Managing Director

**MADAN PAL SINGH**  
Director

Vide our Report of even date attached,

**For N.Naresh & Co**  
Chartered Accountants  
Firm Registration Number: 011239S

Place : Ootacamund  
Date : 20.08.2020

**N.Ramalingam**  
Partner, Membership No. 208992



## Notes on Financial Statements for the year ended 31<sup>st</sup> March 2020

### 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.

(Rs. in thousands)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>2 SHARE CAPITAL</b>		
Authorised 210000000 equity shares of Rs.10/- each	21,00,000	21,00,000
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
<b>3 RESERVES AND SURPLUS</b>		
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
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Balance as per last Balance sheet	(23,96,33,206)	(23,96,13,818)
Add loss for the year	(23,507)	(19,388)
	(23,96,56,713)	(23,96,33,206)
<b>Total</b>	<b>(23,94,35,581)</b>	<b>(23,94,12,074)</b>
<b>4 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		
Share Capital Deposit	0	0
<b>5 LONG TERM BORROWINGS</b>		
<b>Secured loans</b>		
<b>Long term loans</b>		
HPF Bonds A Series	12,11,103	12,11,103
UTI Funded Interest loan	85,398	85,398
	12,96,501	12,96,501
<b>Bridge loans</b>		
From Banks	7,69,657	7,69,657
<b>DPG Loan</b>		
State Bank of India	1,91,425	1,91,425
<b>Un secured loans</b>		
<b>Term loans</b>		
Canara Bank Bond interest loan	8,648	8,648
SBI bond interest loan	1,08,972	1,08,972
<b>Total</b>	<b>23,75,203</b>	<b>23,75,203</b>
<b>6 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit From Banks		
State Bank of India	13,70,815	13,70,815
Interest accrued and due	8,44,13,661	8,44,13,661
Indian overseas bank	2,39,464	2,39,464
Interest accrued and due	1,43,57,632	1,43,57,632
Syndicate bank	1,04,703	1,04,703
Interest accrued and due	81,30,768	81,30,768
State bank of Patiala	99,129	99,129
Interest accrued and due	57,89,731	57,89,731



State bank of Travancore	2,01,177	2,01,177
Interest accrued and due	85,78,389	85,78,389
Indian bank	20,085	20,085
Interest accrued and due	5,89,737	5,89,737
Canara bank	35,892	35,892
Interest accrued and due	35,45,976	35,45,976
SBI- Indunagar	0	0
	<b>12,74,77,159</b>	<b>12,74,77,159</b>
<b>Letters of Credit</b>		
Canara bank	28,036	28,036
Interest accrued and due	28,30,847	28,30,847
Indian bank	15,556	15,556
Interest accrued and due	13,41,022	13,41,022
	<b>42,15,460</b>	<b>42,15,460</b>
<b>Un secured loans</b>		
Govt of India Loans	55,75,676	55,75,676
Interest accrued and due	1,54,54,191	1,54,54,191
	<b>2,10,29,868</b>	<b>2,10,29,868</b>
<b>Letter of credit</b>		
Citi bank	36,302	36,302
Interest accrued and due on LC	5,76,190	5,76,190
	<b>6,12,492</b>	<b>6,12,492</b>
<b>Inter corporate loans</b>		
Maruti udyog 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
Pawan Hans helicopters ltd. Delhi	72,500	72,500
Interest accrued & due on Inter Corp loans	66,82,552	66,82,552
	<b>70,43,252</b>	<b>70,43,252</b>
<b>Total</b>	<b>16,03,78,231</b>	<b>16,03,78,231</b>
<b>7 TRADE PAYABLE</b>		
Sundry creditors	1,88,251	1,81,513
Works contracts	24,086	24,104
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	29,408	29,408
Salaries and wages No. II a/c due	147	147
LTA/TA Payable	2,247	2,247
<b>Total</b>	<b>2,44,139</b>	<b>2,37,419</b>
<b>8 OTHER CURRENT LIABILITIES</b>		
ECPF Compulsory contribution	4,638	4,638
ECPF Voluntary contribution	2,653	2,653
ECPF Company contribution	10,874	10,874
ECPF refund of loans and advances	4,996	4,996
Labour welfare fund	1	1
	<b>23,162</b>	<b>23,162</b>
Credit balance in 181 a/c ( C )	6,658	6,658
Credit balance in 184 a/c ( C )	9	9
	<b>6,667</b>	<b>6,667</b>
Unclaimed HPF Bonds A series & Interest	<b>3,596</b>	3,596
Liabilities for other expenses	1,05,188	1,04,022
HPF Co-op stores	0	0
Co-op thrift and credit socy	1,512	1,512
Salaries and wages - Lic premium recy	0	0
Salaries and wages - Income tax	0	0



Salaries and wages - Post office CTD/RD	0	0
Salaries and wages - Staff club	0	0
Salaries and wages - Other recoveries	147	147
Security deposit from work contractors	4,268	4,585
Security deposit from suppliers	18	18
EMD	4,562	4,526
Deposit from others	1,251	1,068
CST recoveries	0	0
SST recoveries	1,945	1,945
Canteen coupon control account	49	49
SC on ST recoveries	0	0
IT recoveries	11,51,008	11,50,892
Loan on deposit account	0	0
	<b>12,69,949</b>	<b>12,68,764</b>
Interest accrued but not due on Govt loans	<b>37,111</b>	37,111
Interest accrued and due on -HPF bond	46,62,506	46,62,506
Interest accrued and due on -UTI funded loan	4,99,328	4,99,328
Interest accrued and due on -Bridge loans	4,86,06,208	4,86,06,208
Interest accrued and due on -DPG loans	1,18,29,803	1,18,29,803
Interest accrued and due on - Term loan Canara bank	14,18,541	14,18,541
Interest accrued and due on - Term loan SBI	68,11,764	68,11,764
	<b>7,38,28,149</b>	<b>7,38,28,149</b>
Indian bank OD	0	0
<b>Total</b>	<b>7,51,68,634</b>	<b>7,51,67,450</b>
<b>9 SHORT TERM PROVISIONS</b>		
Provision for contingencies	14,073	14,073
Provision for leave encashment	55,470	55,470
<b>Total</b>	<b>69,543</b>	<b>69,543</b>

## 10 FIXED ASSETS

₹ In Thousand

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2019	Addition 19-20	Deletion 19-20	As on 31.03.2020	As on 01.04.2019	For the year 2019-20	As on 31.03.2020	As on 31.03.2020	As on 31.03.2019
Land Free hold & Lease Hold*	1,118	0	0	1,118	0	0	0	1,118	1,118
Roads & Approaches	2,554	0	0	2,554	1,196	0	1,196	1,358	1,358
Buildings	2,49,369	0	0	2,49,369	1,81,539	0	1,81,539	67,830	67,830
Electrical Installations	1,49,516	0	0	1,49,516	1,39,896	0	1,39,896	9,620	9,620
Plant & Machinery	66,27,606	0	0	66,27,606	62,96,242	0	62,96,242	3,31,364	3,31,364
Laboratory Equipments	31,341	0	0	31,341	27,312	0	27,312	4,029	4,029
Office Misc. Equipments	26,612	0	0	26,612	25,024	0	25,024	1,588	1,588
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	5,671	0	5,671	337	337
Motor Vehicles	5,074	0	0	5,074	4,808	0	4,808	266	266
<b>Current Year Total</b>	<b>71,57,759</b>	<b>0</b>	<b>0</b>	<b>71,57,759</b>	<b>67,37,321</b>	<b>0</b>	<b>67,37,321</b>	<b>4,20,438</b>	<b>4,20,438</b>
<b>Previous Years Total</b>	<b>71,57,759</b>	<b>0</b>	<b>0</b>	<b>71,57,759</b>	<b>67,37,321</b>	<b>0</b>	<b>67,37,321</b>	<b>4,20,438</b>	<b>4,20,438</b>

<b>11 NON CURRENT INVESTMENTS</b>		
Shares with HPF employees co-op stores	6	6
<b>Total</b>	<b>6</b>	<b>6</b>
<b>12 LONG TERM LOANS AND ADVANCES</b>		
Other miscellaneous advance to employees (HBA)	8,288	8,288
Advance income tax / TDS	2,697	2,598
<b>Total</b>	<b>10,985</b>	<b>10,886</b>

<b>13</b>	<b>INVENTORIES</b>		
	Stores and spares	56,368	56,368
	Printing and stationery	188	188
	Loose tools	2	2
	Raw materials	70,828	70,828
	Process stock	10,690	10,979
	Finished goods	0	0
	Reclaimable scrap	3,636	3,700
		<b>1,41,713</b>	<b>1,42,065</b>
	<b>Less : Provision for obsolete/surplus items</b>		
	Stores and spares	41,517	41,517
	Raw materials	25,329	25,329
	Finished goods	0	0
		66,846	66,846
	<b>Total A-B</b>	<b>74, 867</b>	<b>75, 219</b>
<b>14</b>	<b>TRADE RECEIVABLE</b>		
	Sundry debtors	1,33,557	1,33,557
	Other misc. debtors	1,593	1,601
	TSC Debtors	372	372
	Photomation	7	7
	<b>Credit balance in Debtors</b>	0	0
	Credit balance in 181 ( c )	6,658	6,658
	Credit balance in 184 ( c )	9	9
		<b>1,42,196</b>	<b>1,42,204</b>
	Less Provision for bad/doubtful debts	89,543	89,543
	<b>Total</b>	<b>52,653</b>	<b>52,661</b>
<b>15</b>	<b>CASH AND BANK BALANCES</b>		
	Cash, cheques and stamps on hand	0	0
	Imprest cash – Coimbatore	2	2
	Imprest cash Officers	0	0
	Imprest cash – Ooty	22	27
	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 pondy	0	0
	Imprest cash- chandigarh	0	0
	Imprest cash- Bhopal	0	0
	Imprest cash- Ambattur	35	35
		<b>78</b>	<b>82</b>
	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	1,750	1,010
	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- pondy	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	19	20
	Indian bank – Padi	7	7
	Indian bank – Ooty	159	35
	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 - Pondy	10	10
	SBI Indunagar Bond interest account	0	0
	Indian Bank – vadapalani	0	0
	FD Principal warrant account	0	0
	SBI Indunagar	386	880
	SBT – ooty	11	179
	SBP – Chennai	0	0
	SBI Indunagar Bond s account	0	0
	Terminal benefit a/c SBI	6	9
	Terminal benefit a/c Indian bank	28	28
		<b>2,630</b>	<b>2,430</b>
	Fixed deposit with bank	<b>34,663</b>	<b>50,043</b>
	<b>Total</b>	<b>37,371</b>	<b>52,556</b>
<b>16</b>	<b>SHORT TERM LOAN AND ADVANCES</b>		
	Claims recoverable	2,55,988	2,55,988
	Medical advance	0	0
	Festival advance	0	0
	Pay advance	2,52,955	2,52,955
	Travelling advance	0	0
	Furniture advance	0	0
	Modvat credit	48	48
	Advance to suppliers	2,146	2,146
	Advance to others	60	60
	Octroi and other recoverable	2,801	2,801
	Other sundry recoverable	5,469	5,469
	Interest on security deposits	94	65
	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
		<b>2,63,573</b>	<b>2,63,544</b>
	Deposit with customs	10	10
	Deposit with Chennai port trust	30	30
	Deposit with Central Excise	9	9
		<b>48</b>	<b>48</b>
	Prepaid expenses	<b>0</b>	<b>0</b>
	Deposit with Electricity board	6,444	6,435
	Deposit with Telephone dept	102	102
	Deposit with others	4,698	4,703
	Deposit with Air cargo, Chennai	5	5
		<b>11,248</b>	<b>11,244</b>
	<b>Total</b>	<b>5,30,857</b>	<b>5,30,824</b>
	Less; Provision for doubtful of recovery	2,58,453	2,58,453
		<b>2,72,404</b>	<b>2,72,371</b>



17	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued on FD- LC/BG margin deposit	95	285
18	<b>REVENUE FROM OPERATION</b>		
	Sales less returns	0	0
	Less: Excise duty/CVD	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>
19	<b>OTHER INCOME</b>		
	Job order income	0	0
	Insurance claims	0	0
	Other sundry receipts	744	142
	Income from subsidised transport	0	0
	Modvat credit on customs duty	0	0
	Credit balance no longer payable	0	0
	Exchange fluctuation difference	0	0
	Township water receipts	0	0
	Modvat receipts	0	0
	Electricity tax refund	0	0
	Intra unit- Transport	0	0
	Other compensation receipts	0	0
		<b>744</b>	<b>142</b>
	Interest receipts – bank	880	3,068
	Interest receipts – staff	0	0
	Interest receipts – Banks	32	46
		<b>912</b>	<b>3,114</b>
	Township rent receipts	685	668
	Provisions no longer required written back	0	0
	<b>Total</b>	<b>2,341</b>	<b>3,924</b>
20	<b>COST OF MATERIALS CONSUMED</b>		
	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
		<b>70,828</b>	<b>70,828</b>
	Less : closing stock of raw materials	70,828	70,828
		0	0
	Increase(-)/Decrease (+) in reclaimable scrap	64	(90)
	Stores and spares consumed	0	0
	<b>Total</b>	<b>64</b>	<b>(90)</b>



<b>21</b>	<b>PURCHASE OF STOCK IN TRADE (BOI)</b>		
	Opening stock	0	0
	Add: Purchase	0	0
	Less Closing stock	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>
<b>22</b>	<b>CHANGES IN INVENTORIES OF FIXED ASSETS, STOCK IN POSITION AND STOCK IN TRADE</b>		
	<b>OPENING STOCK</b>		
	Finished goods	0	0
	Work in progress	10,979	10,393
		10,979	10,393
	<b>Closing stock</b>		
	Finished goods	0	0
	Work in progress	10,690	10,979
		10,690	10,979
	Increase/ - decrease in stock	289	(586)
<b>23</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries and allowances	2,146	(6,796)
	Medical Reimbursement	89	0
	NMR Employee wages	0	0
	Salaries and allowances staff	0	0
	Salaries and allowances Officers	0	0
	Salaries and allowances Directors	0	0
	Ex-gratia	0	0
	Workmen compensation	0	0
	Bonus	0	3,820
	Encashment of leave	0	0
		2235	(2976)
	Contribution to provident fund	0	0
	Gratuity	0	444
	Contribution to group insurance scheme	0	0
	Contribution to ESI	0	0
	Canteen expenses	0	0
	Subsidies to welfare organization	0	8
	Education and training	0	0
	Intra unit exp gh/canteen	(576)	61
	Other welfare expenses	0	0
		(576)	68
	<b>Total</b>	<b>1,659</b>	<b>(2,463)</b>
	Less Transferred to R&D expenditure	0	0
		<b>1,659</b>	<b>(2,463)</b>
<b>24</b>	<b>FINANCE COST</b>		
	Interest on Govt. loans	0	0
	Interest on Bank creditors	0	0
	HPF Bond interest	0	0
	UTI Funded interest loan interest	0	0
	Interest on other items	0	0
	Interest on inter corporate deposits	0	0
	Bridge loan interest	0	0
	SBI DPG Loan interest	0	0
	Can. Bank bond int loan interest	0	0
	SBI Bond interest loan	0	0
		0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

25	<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
	Depreciation on buildings	0	0
	Depreciation on plant and machinery	0	0
	Depreciation on other assets	0	0
		0	0
26	<b>OTHER EXPENSES</b>		
	Power and fuel	1,199	2,952
	<b>Repairs and maintenance</b>		
	Building	18	0
	Plant and machinery	2	224
	other assets	10,180	8,687
	maintenance of motor vehicle	115	189
		10,315	9,100
	Rent	0	0
	Lease rent-Project	1,193	1,193
	<b>Insurance</b>		
	Building	170	159
	Plant and machinery	0	0
	Vehicles	9	8
	Stock	0	0
	Others	0	0
		179	166
	<b>Rates and taxes</b>		
	Taxes and fees on vehicles	0	0
	Taxes on buildings	0	0
	Other taxes and fees	246	352
		246	352
	<b>Travelling and conveyance</b>		
	Travelling expenses - others	380	371
	Travelling expenses - Directors	470	513
		850	884
	<b>Administrative and Office expenses</b>		
	Laboratory expenses	0	0
	Postages	17	22
	Printing and stationery	48	59
	Telex	0	0
	Telephones	74	95
		139	176
	Auditors remuneration	225	66
	Directors sitting fees	45	9
	<b>Miscellaneous expenses</b>		
	Bank charges	9	7
	Books, journals etc	0	0
	Entertainment expenses	31	94
	Legal and professional charges	2,134	2,199
	Other sundry expenses	519	323
	Entertainment allowance - MD	62	0
	Sundry debit balance written off	0	0
	Subscription to trade and other assn.	0	0
	Donations	0	0
	Exchange rate difference	6,674	4,432



		<b>9,429</b>	<b>7,054</b>
	Provisions for doubtful debts and advances	0	0
	Provisions for contingencies and obsolesces	0	0
	<b>Advertisement and publicity</b>		
	Advertisement for tenders	14	27
	Advertisement for recruitments	0	0
	Advertisement for sales	0	0
	Advertisement for other purposes	0	0
	Exhibition and stalls	0	0
		14	27
	<b>Selling expenses</b>		
	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	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>23,836</b>	<b>21,980</b>
	Less: Transferred to R&D expenditure	0	0
		<b>23,836</b>	<b>21,980</b>
<b>27</b>	<b>EXTRAORDINARY ITEM</b>		
	VRS payment	0	4,471
<b>28</b>	<b>PRIOR PERIOD ADJUSTMENT (NET)</b>		
	Interest	0	0
	Other cost	0	0
	Income not relating to the year of account	0	0
<b>29</b>	<b>EARNINGS PER SHARE</b>		
	Net Profit / (Loss) After Tax (in Thousand)	(23,507)	(19,388)
	Weighted average No. of Equity Shares for Basic / Diluted EPS (No's)	20,68,65,000	20,68,65,000
	Nominal Value of Equity Per Share (in Rs.)	10	10
	Basic / Diluted Earnings Per Share (in Rs.)	(0.11)	(0.09)

### 30. Notes on Financial Statement for the year ended 31<sup>st</sup> March 2020

#### 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, stockiest, not acknowledged as Debt	160.49	(Previous year 160.49)
c. OD Interest - Govt. Mint	2476.61	(Previous year 2372.62)
d. OD Interest - Hindustan Zinc	4018.16	(Previous year 3874.19)
<b>Total</b>	<b>6952.72</b>	<b>(Previous year 6704.76)</b>

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 Tamilnadu up to 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. The Company had received a letter dated 23/10/2019 from the District Forest Officer directing that the 303.30 acres of Forest land in the possession of HPF should be handed over to the Forest Department within 10 days. The Company had replied vide letter from the Company advocate that the Company Petition seeking winding up of the Company was subjudice, and hence any action initiated for resumption of lands would amount to precipitating the issue further. The DFO was requested to keep the proceedings in abeyance till December 2019, by which time, the issue was expected to be decided finally.

Another letter dated 19.02.2020 was received from the Nilgiris District Collector (received by CMD on 05.05.2020) informing the proceedings that the entire extent of 292.71 acres of forest land originally assigned to HPF was resumed and handed over back to the Forest Department. Of this, 25 acres the forest land was identified for the construction of the new Government Medical College. In spite of the protest by the company against the resumption of the land to the forest department, on 10/07/2020, the Hon'ble Chief minister of Tamilnadu laid the foundation stone for the Medical



College and the Construction works have commenced. The request of the Company to wait till a decision from the NCLT went unheeded.

However, Based on the directions of the Department of Heavy Industry, a Writ Petition WP9566/2020 was filed against the land resumption and also seeking a stay on the works of the Medical College. The Court on 22/07/2020 adjourned the matter for the state Government to file a Counter, but refused to give a stay on the works. The construction works on the site is in progress.

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 ₹ 23100.55 Crore amounting to ₹ 23541.42 Crore has been secured to the extent of ₹ 538.13 Crore consisting of fixed assets ₹ 486.85 Crore (based on 1997 market valuation) and current assets of ₹ 51.28 Crore as on 31.3.2020.
9. The 13% Secured Redeemable Non-Convertible Bonds ("A" Series) of ₹ 1000/- each issued in terms of the Prospectus dated 6<sup>th</sup> 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. However, the application for the possession has been disposed of by the District Administration on Technical grounds.

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 is in the process of being wound-up statutorily under the orders and directions of the Hon'ble High Court of Madras.

The Company was declared sick on 23.01.1996, and recommended to be wound-up by the BIFR on 30.01.2003. This recommendation of the BIFR was forwarded to the Hon'ble High Court of Madras for further legal proceedings. The above recommendation was accepted by the Hon'ble High Court of Madras vide order dated. 29.08.2016, whereby all petitions if any, against the BIFR recommendation, were dismissed or disposed off.

Further, the Hon'ble High Court of Madras, vide order dated 08.09.2017, had advised the Official Liquidator to take charge of the assets and examine the books of records of the Company and make necessary disbursements in accordance with priority. Further proceedings in this regard are in progress before the Hon'ble High Court of Madras.

Meanwhile, the Government of India had already conveyed its decision to offer Voluntary Retirement Scheme to all the employees of the Company, and to take further action for closure of the Company during March 2014. All the production-plants had already been shut-down and there has been no production activities since June 2013. All the employees of the Company have been relieved on VRS with effect from 30.06.2016 or earlier as per the said VR scheme in different phases.

There are no employee on the rolls of the Company as on date. Only one executive on deputation from another CPSE is overseeing the protection and maintenance of Assets of the Company till the Official Liquidator takes charge of the Company. Take-over of the assets and liabilities and the books of record of the Company by the Ld. Official Liquidator was awaited.

Meanwhile M/s Canara Bank has approached the Madras High Court by Company Application No.429/2020 to transfer the Company Petition No. CP114/2003 to the NCLT. On 18.05.2020, the Hon'ble High Court has passed an order, directing the Company Petition C.P.114/2003 to be transferred to the NCLT. The transfer of the Company Petition CP114/2003 to the NCLT has not come to the consideration of the NCLT since the certified copy of the Order dated 18/5/2020 in the Company Application CA 429/2019 has not been released yet

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 –  
The amount due to HPF ECPF Trust as on 31.3.2020 is ₹ 231.61 Lakh (Previous year ₹231.61 Lakh). No amount was paid to the Trust during the year.
14. The annual Insurance Premium on fixed assets has been paid and are covered under insurance
15. (a) 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.

(b) In the matter regarding the order of RLC, Madurai for payment of 2007 scale gratuity, the Company has filed an appeal before the DCLC, Chennai against the order of the RLC Madurai. This was returned due to non-deposit of the claimed amount and non-filing of individual appeals. Against the action of the DCLC, a writ has been filed at the Hon'ble High Court of Madras.

16. (a) A sum of ₹5.13 Lakh (Previous year ₹5.13 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 and the rehabilitation program pending before the Central Govt., 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 ₹920.53 Lakhs and also issued G.O that the accumulated consent fee for Air & Water due to TNPCB of ₹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 19.0.2.2018 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 stands relived 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 no production activities from 2013. 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. Finance cost for the year ₹ 4,61,992.05 lakhs not provided for, as the company is in the process of being wound up under the orders and directions of the Hon'ble High Court of Madras.
31. Depreciation and Amortization expense for the year ₹ 69.74 lakhs not provided for, as the company is in the process of being wound up under the orders and directions of the Hon'ble High Court of Madras.

### 32. Particulars of Capacity, Production, Raw Material Consumed, Turnover etc.,

#### (a) Capacity and Production:

S. No.	Class of Goods	2019-20			2018-19		
		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]



**32 (b) RAW MATERIALS CONSUMED**

VALUE : ₹ In. Lakh

	UNIT	2019-20		2018-19	
		QUANTITY	VALUE	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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

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

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

CLASS OF GOODS	YEAR ENDED 31-03-2020				YEAR ENDED 31-03-2019			
	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
<b>TOTAL</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>

**32 (d) Information regarding Remuneration**

(₹ in Lakh)

	2019-20	2018-19
i. Director Finance, Chairman-cum- Managing Director(Addl.Charge)- Salary	---	---
ii. Chief Vigilance Officer	---	---
Provident Fund and Other Funds	---	---

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

(₹ in Lakh)

	2019-20		2018-19	
	₹ in Lakh	Percentage of Consumption	₹ in Lakh	Percentage of Consumption
<b>i. Raw Materials</b>				
Components and Spare Parts	---		---	
Capital Goods	---		---	
<b>ii. Value of Raw Materials, Stores and Spare Parts Consumed</b>				
Raw Materials				
- Imported	--	--	--	--
- Indigenous	--	--	--	--
Stores and Spare Parts				
- Imported	--	--	--	--
- Indigenous	--	--	--	--
				(₹. 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.



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### 33. 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:**

All the employees of the Company have been relieved on VRS with effect from 30.6.2016 and benefits have been settled .

**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. EXCISE DUTY:**

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

**13. 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.

**V.VINAYAN**  
General Technical Manager  
and Unit Chief i/c

**S. GIRISH KUMAR**  
Director Finance &  
Chairman cum Managing Director

**MADAN PAL SINGH**  
Director

Vide our Report of even date attached  
**For N.Naresh & Co**  
**Chartered Accountants**  
**FRN:011239S**

**Date: 20.8.2020**  
**Place: Ootacamund**

**N.Ramalingam**  
**Partner Membership No:208992**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st March 2020**

₹ In Thousand

	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(loss) before tax and extraordinary items & Prior Period Transaction (PPT)	(23,507)	(19,388)
<b>Adjustment for</b>		
Depreciation	-	-
Finance Cost	-	-
Extraordinary items	-	4,471
Other Non Operative Income	(2,341)	(3,924)
Operating profit before working capital change	(25,848)	(18,841)
<b>Adjustment for (Increase)/Decrease in Operating Assets</b>		
Inventories	352	(675)
Trade Receivable	8	(391)
Short term Loans & advances	(33)	60,155
Other current Assets	90	(430)
<b>Adjustment for (Increase)/Decrease in Operating Liabilities</b>		
Trade payable	6,720	3,560
Other current Liabilities	1,185	(3,68,828)
Short term provision	-	(193)
<b>Cash flow generated from operations</b>	<b>8,322</b>	<b>(3,06,802)</b>
Direct tax paid	-	-
Cash flow before extraordinary items & Prior Period Transaction (PPT)	(17,526)	(3,25,643)
Extraordinary items	-	4,471
<b>Net cash from operating activities (A)</b>	<b>(17526)</b>	<b>(3,30,114)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Interest Received	2,341	3,924
Long Term Loans & advance	-	-
<b>Net cash used in investing activities (B)</b>	<b>2,341</b>	<b>3,924</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	-
Proceeds from short term Borrowings	-	3,60,000
Repayment of short term Borrowings	-	-
Proceeds from Long term Borrowings	-	-
Repayment of Long Term Borrowings	-	-
Finance Cost	-	-
<b>Net cash from financing activities (C)</b>	<b>-</b>	<b>3,60,000</b>
Net increase / decrease in Cash and Cash equivalents (A+B+C)	(15,185)	33,810
Cash and cash equivalents as at the beginning of the year	52,556	18,746
Cash and cash equivalents as at the end of the year	37,371	52,556

**V.VINAYAN**  
General Technical Manager &  
Unit Chief i/c

**S.GIRISH KUMAR**  
Director Finance &  
Chairman cum Managing Director

**MADAN PAL SINGH**  
Director

Vide our Report of even date attached,  
**For N.Naresh & Co**

Firm Registration Number: 011239S

Date: 20.8.2020

Place: Ootacamund

**N.Ramalingam**

**Partner Membership No:208992**

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**INDEPENDENT AUDITOR'S REPORT**

**To The Members Of Hindustan Photo Films Mfg Co. Limited**

**Report on the Audit of the Financial Statements**

We have audited the financial statements of Hindustan Photo Films Mfg Co. Limited (the company), which comprise the balance sheet as at March 31<sup>st</sup> 2020, the statement of profit and Loss, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Adverse Opinion**

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the financial statements 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 March 31<sup>st</sup> 2020, of its loss, and the cash flows for the year then ended.

**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 Hon'ble high court, however, the Official Liquidator is yet to take charge (Ref Note no.30.11). 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 institutions 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.
- 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. In the absence of relevant



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information, the impact thereof on the financial statements cannot be ascertained. ( Refer Note no.30.27)

- b. The Company has not provided depreciation to the extent of ₹69.74 lacs for the year ( Refer Note no.30.31 also) Moreover for earlier years, depreciation was provided 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 fully 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 unfavourable 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.
7. The Company has not created Debenture Redemption Reserve as required by the terms of issue. Consequently Other Equity - Reserves & Surplus(-) and loss is understated. (Refer note no. 30.3 also)
8. Balances under advances, deposits, receivables, bank /cash 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 no. 30.7 also)
9. Penalty and interest for non /delayed statutory compliances i.e Income tax, GST, 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.
10. Finance cost to the extent of ₹ 4,61,992.05 lakhs, are not provided for (Refer note 30.30 also), consequently the Loss & Liabilities are understated to this extent.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics and provisions of the Companies Act, 2013 that are relevant to our audit of the financial statements in India under the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the

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Companies act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

#### **Material Uncertainty related to Going Concern**

We draw attention to Note 3 in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date.

The company is in the process of being wound up statutorily under the orders & directions of the Hon'ble High Court of Madras (Refer note no 30.11 also)

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Except for the matter described in the Basis for Adverse Opinion & Material uncertainty related to going concern section, we have determined that there are no key audit matters to communicate in our report.

#### **Responsibilities of Management for the Standalone Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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. As required by Section 143(3) of the Act, we report 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. The going concern matter described in material uncertainty related to going concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - g. On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2020, and taken on record by Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - h. 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.
  - i. 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;
  - j. 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 fully 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. The Company has not transferred any amounts which were required to be transferred, to the Investor Education and protection Fund.

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:

I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes. Company has system in place to process all the accounting transactions through IT system.

II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

No

III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

No funds were received from the Central / State Agencies or Governments during the year.

**For Naresh & Co**  
Chartered Accountants  
FRN: 011239S

N. Ramalingam,  
*Partner*  
Membership No:208992

Place: Ootacamund  
Date: 20.08.2020

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**“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 31<sup>st</sup> March 2020)

**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.

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 held in the name of company.

**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 31<sup>st</sup> March 2020



for a period of more than six months from the date they became payable are as follows.

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

Nature of the Statute	Nature of the Dues	Amount (₹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 2015 to March 2018	June 2015 to March 2018	Not Yet paid
	PF Voluntary Contribution	26.53			
	PF Company's Contribution	108.74			
	PF Advance Recoveries	49.96			

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, gst, 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 '000)	Period of Default	Remarks
State Bank of India	13,70,815	Entire O/s including interest is overdue as on 31.03.2020	Not Yet Paid
Syndicate Bank	1,04,703		
Indian Overseas Bank	2,39,464		
State Bank of Patiala	99,129		
State Bank of Travancore	2,01,177		
Indian Bank	20,085		
Canara Bank			
-CC	35,892		
-LC	28,036		
Indian Bank	15,556		
Citi Bank	36,302		
Bridge loan From Bank	7,69,657		
DPG Loan From SBI	1,91,425		
Term Loan			
Canara Bank	8,648		
State Bank of India	1,08,972		
UTI Funded Interest	85,398	22 Years	Not Yet Paid
HPF Bond "A" Series	12,11,103	25years	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, there are no transactions with related parties and therefore in our opinion there is no requirement of compliance with Section 177 and 188 of the Companies Act, 2013("Act") and there is no disclosure requirements in financial statement as required by the Applicable accounting standards (Refer Note 22 of Significant Notes to Accounts forming part of Balance Sheet)
- 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 Naresh & Co**  
Chartered Accountants  
FRN: 011239S

N. Ramalingam,  
*Partner*  
Membership No:208992

Place: Ootacamund  
Date: 20.08.2020



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## **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, 2020 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 authorisation 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, 2020:

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:

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



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adequate & effective internal financial controls over financial reporting as of March 31, 2020, based on, “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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, 2020 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 Naresh & Co**  
Chartered Accountants  
FRN: 011239S

N. Ramalingam,  
*Partner*  
Membership No:208992

Place: Ootacamund  
Date: 20.08.2020



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**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 2020**

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The preparation of financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2020 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 standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 August 2020.

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 2020 under Section 143 (6)(a) of the Act .

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

Place: Chennai  
Date: 14.10.2020

**(R.AMBALAVANAN)**  
Director General Of Commercial Audit And  
Ex-Officio Member Audit Board ,Chennai