

Chairman-cum-Managing Director  
& Director (Finance)

Shri. S. Girish Kumar

Directors

Shri A.K. Deori  
Shri.G.R.Sundaravadivel till 15.10.2016  
(Nominee Director – UTI AMC Pvt. Ltd)  
Shri Purushottam M Bandekar from 29.12.2016  
(Nominee Director SUUTI)  
Smt.Meera Saksena I.A.S.(Retd) till 31.8.2016  
Dr. Ashok Tripathi from 9.2.2017

Auditors

M/s A. Giri& Co  
Chartered Accountants  
Coimbatore

Bankers

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

Registered Office

Indunagar  
Ootacamund  
Tamil Nadu - 643 005

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

**NOTICE TO SHARE HOLDERS**

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

Registered Office  
Indunagar  
Ootacamund-643005

2.9..2017

**NOTICE**

Notice is hereby given that the 56<sup>th</sup> Annual General Meeting of the Shareholders of Hindustan Photo Films Manufacturing Company Limited will be held at Hotel Alankar Grande, Coimbatore , Tamilnadu on 25<sup>th</sup>September 2017 at 13.30Hrs 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 2017.
- To fix the remuneration of the Statutory Auditors of the Company for the Year 2017-18

**(BY ORDER)**

**(Philip John)**  
**General Technical Manager**

To: All Members

**R. GIRI & CO**  
**CHARTERED ACCOUNTANTS**  
Bashyakaralu Road ( East)  
R.S. Puram  
Coimbatore 641 002

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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 56<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 2017, 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 31.3.2017 stood at ₹206.87 Crores and ₹210 Crores respectively.

### **Fixed Deposit**

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

### **Corporate Performance**

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

### **Corporate Results**

#### **Production, Turnover and Loss**

As the operations of the Company have come to a standstill, the turnover during the year was Nil. The Company's operations resulted in a net loss of ₹2917.16 Crores for the year as compared to a net loss of ₹2527.92 Crores in the previous year. The Company has incurred an operating loss of Rs. 52.10 Crores during the year before interest and prior period adjustments as against ₹ 86.00 Crores during the previous year.

### **Quality Assurance**

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

### **R&D and Quality Control**

Activities could not be carried out as there was no production

### **Personnel**

The total number of permanent employees as on 31<sup>st</sup> March 2017 stood at 170. This is inclusive of three officers on deputation from HMT MTL. During the year 19 employees were relieved under VRS on 2007 Notional Pay scale.

### **Industrial Relations**

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

### **Environment**

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

### **Insurance**

The Assets of the Company are insured.

Financial Data for the last ten years										
Year ending 31 <sup>st</sup> March 2017										
	(₹ in lakhs)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Production	1761.53	2409.93	2549.80	3992.46	760.94	360.60	15.09	---	---	---
Sales	1716.53	2618.48	2625.01	3718.32	1256.38	373.81	124.86	---	---	---
Net Profit /Loss	-78949.15	-89026.05	-100921.51	-115665.42	-135238.95	-156531.99	-182042.26	-216276.71	-252791.86	-291715.72
Growth Rate (%)										
- Turnover	17.62	52.54	0.25	41.64	-66.21	-70.25	-66.60	---	---	---
- Production	-0.38	36.81	5.80	56.55	-80.94	-52.61	-95.82	---	---	---
Net profit (As a % of)										
- Turnover	-4599.35	-3399.91	-3844.61	-3110.69	-10764.18	-41874.75	-145797.10	---	---	---
Networth	-493093.42	-582019.47	-682840.98	-798406.40	-933645.35	-1090177.34	-1272219.61	-1488496.32	-1761974.66	-2053690.37
Inter Corporate loan	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607	3607
Gross Block (Excluding Capital WIP)	72078.91	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59
Gross Block (Including Capital WIP)	72078.91	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15	71577.15	71577.59
Inventories	1607.00	1411.14	1417.60	1541.50	942.24	891.17	763.05	748.40	740.67	757.59
Depreciation	3315.40	3241.61	3212.35	3166.17	3146.92	3147.82	3141.13	3141.13	3141.38	3140.91
Interest	71820.89	83014.38	95498.84	111525.07	130242.70	151703.19	177238.16	207584.49	244192.14	286505.98

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

### **Implementation of official language**

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

### **Development of Ancillaries**

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

### **Contribution to Exchequer**

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

### **Vigilance Activities**

Vigilance Department continued to keep strict vigil within the Organization. The Department was engaged in activities like investigation of complaints from various sources, conducted surprise and detailed inspections of transactions. Vigilance Awareness Period was observed from 31.10.2016 to 5.11.2016 in a befitting manner. Vigilance clearance were given to 19 employees who left under VRS during the year

### **RTI Act**

The Company has implemented the provisions of the RTI Act 2005. All applications and first appeals received under RTI during the year 2016-17, 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 31.3.2017, the Audit Committee comprised of the following members:

Dr. Ashok Tripathi	:	Independent Director	:	Chairman
Shri. A. K. Deori	:	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, 2017, 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. Giri& Co., Chartered Accountants, Coimbatore have been appointed by the Government of India as Auditors of the Company for the financial year 2016-17.

#### **Corporate Governance**

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

#### **Status of the Company before BIFR / CCEA**

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

In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of Rs. 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from January 2015. As on 31<sup>st</sup> March 2017, 466 employees have been relieved under this VR Scheme

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

#### **Acknowledgement**

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

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

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

### **Management Discussion and Analysis Report**

The operations of the Company have come to a standstill due to disconnection of power to the Polyester X-Ray Plant and R&D from May 2013 and non-availability of funds to procure the raw materials. As per the directions of the CCEA, VRS at 2007 Notional pay scale has been introduced in the Company from Jan 2015. 466 employees have been relieved on VRS as on 31<sup>st</sup> Mar 2017

### **Discussion on Financial Performance with respect to Operational Performance**

As the operations of the Company have come to a standstill and in view of the Company's continuing sickness, there has not been any material change with regard to the Company's financial position. Interest and depreciation continue to be the major components contributing to the net loss. The cash loss is around ₹20.69Crore before interest, depreciation and prior period adjustments. Major portion of the accumulated losses comprise of accumulated interest and depreciation. The Networth of the Company remains negative on account of these factors.

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

VRS at 2007 Notional pay scale has been introduced in the Company. 466 employees have been relieved on VRS as on 31.3.2017.

### **Future Prospects**

The Company is recommended for closure.

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

## **REPORT ON CORPORATE GOVERNANCE**

### **Company's Philosophy on Code of Governance**

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

#### **I. Board of Directors**

##### **a. Composition**

As on 31.3.2017, the composition of the Board was as follows:

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

- Shri. Purushottam M Bandekar was appointed as Nominee Director w.e.f.29.12.2016 vice Shri G.R. Sundaravadivel.
- Dr. Ashok Tripathi was appointed as Independent Director w.e.f.9.2.2017 vice Smt. Meera Saksena.
- None of the Directors of the Company is related to any other Director of the Company
- None of the Directors has any business relationship with the Company

##### **b. Directors' Attendance**

During the year 2016-17, five 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	5 Meetings : held on 6.5.2016, 27.5.2016, 19.8.2016, 27.10.2016 & 23.3.2017	5	5	Yes
A. K. Deori		5	5	No
G.R.Sundaravadivel		4	2	No
MeeraSaksena I.A.S.(Rtd)		4	2	No
Dr. Ashok Tripathi		1	1	No
Purushottam M. Bandekar		1	1	No

##### **c. Non-Executive Directors compensation and Disclosure:**

The Whole Time Directors of the Company are appointed by the Government of India and are being paid remuneration as per the terms of their appointment. The Nominee Directors are being paid Sitting Fee of ₹ 600/- for every meeting of the Board and ₹ 300/- for every sub-committee meeting attended by them.



**d. Board procedure**

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

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

**e. Code of conduct**

The Board of Directors has laid down a Code of conduct for all Board members and Senior Management personnel of the Company. For the year ended 31.3.2017, 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 2016-17 ,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
MeeraSaksena	4 Meetings : held on 6.5.2016, 27.5.2016, 19.8.2016&23.3.2017	3	2
G.R.Sundaravadivel		3	2
Dr. Ashok Tripathi		1	1
A.K. Deori		4	4
Purushottam M Bandekar		1	1

**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 31.3.2017, 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
53 <sup>rd</sup> AGM	30.9.2014 15 30 Hrs	---	HMT Bhavan, Bangalore
54 <sup>th</sup> AGM	16.9.2015 10 00 Hrs	---	Hotel Alankar Grande, Coimbatore
55 <sup>th</sup> AGM	25.11.2016 10 00 Hrs	---	Hotel Alankar Grande, Coimbatore

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

### VI. Disclosures

#### a) Basis of Related party transactions

During the year 2016-17, 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 2016-17, 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 ₹ 600/- for every meeting of the Board and ₹ 300/- for every sub-committee meeting attended by them.

#### f) Management

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

#### g) Report on Corporate Governance

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

#### **h) CEO and CFO Certification**

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

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

#### **VII. Means of Communication**

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

#### **VIII. General Shareholder information**

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

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

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

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

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

- Distribution of Shareholding as on 31.3.2017:

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

#### **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 2017.
- 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 2017.

Date : 7.7.2017  
Place: Coimbatore

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

**Certificate on Corporate Governance**

**To**  
**The Members of Hindustan Photo Films Mfg. Co. Ltd.**

We have examined the compliance conditions of Corporate Governance by M/s. Hindustan Photo Films Mfg. Co. Ltd for the year ended March 31, 2017 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on Behalf of  
M/s Giri& Co.  
Chartered Accountants  
F.R.No.006702S

**R.GIRI**  
Senior Partner  
M. No: 025458

Date: 07.07.2017  
Place: Coimbatore

**ADDENDUM TO DIRECTORS' REPORT**

	<b>AUDITORS' REPORT</b>	<b>COMPANY'S REPLY</b>
	In Sl. No. 8 of Note 30, the secured "A" series Bonds and secured loans amount to ₹17,022.64 Crore (including interest) as on 31.3.2017. Of this total amount, only ₹ 535.96 Crore has been secured by fixed and current assets. The classification of the balance of ₹16486.68 Crore as "Secured" in our opinion is not correct.	Bridge Loan is Secured by first charge against all the stock of Raw Materials, Work in Progress, Finished Goods and Stores, book Debts both present and future, except Properties effectively otherwise Hypothecated, Charged or Mortgaged to Banks; further secured by way of second charge on Fixed Assets of the Polyester X-ray Plant. DPG loan is secured in favour of Guarantor, State Bank of India, Overseas Branch, Madras by a first charge on Plant and Machinery acquired out of the loan together with pari-passu charge on the other Fixed Assets along with the Trustees to Bond Holders-Canara Bank. Cash Credit and Letter of Credit are Secured by Hypothecation of Raw Material, Finished Goods Work in Progress, Stores and Spares and Book Debts.
II.	The confirmation of balances of cash credit, letter of credit, bridge loans, DGP loan from SBI, UTI Funded Interest Loan, Inter-corporate loans, Unsecured term loans of Canara Bank bond interest loan & SBI bond interest loan as on 31.03.2017 could not be obtained by the Company. In the absence of confirmations from the related parties, accuracy of balances appearing in the respective accounts could not be verified by us.	Confirmation certificates are not received since the transactions have come to standstill. The actual outstanding amounts due have been disclosed in the financial statements
III.	Interest accrued and due on the above loan accounts are estimated every year by the Company. Confirmation for the interest accrued and due for the above loans as on 31.3.2017 could not be obtained by the Company. In the absence of confirmation from the respective parties, accuracy of balances appearing in the respective accounts could not be verified by us.	Confirmation of Interest amount on the loans had been requested from the concerned, but replies have not been received.
IV.	Current account balances of SBI Pondicherry, SBI Chandigarh, SBI Jaipur, IOB Hyderabad, Indian Bank Harbor Branch- Chennai, Citi Bank- Chennai, Central Bank of India- Bangalore, Guwahati, Kanpur, New Delhi as on 31.3.2017 could not be obtained by the Company. In the absence of confirmation from the respective parties, accuracy of balances appearing in the respective accounts could not be verified by us	Confirmation of Account balances had been requested from the concerned Banks but replies have not been received. Further efforts will be taken to obtain balance-confirmation from the respective Bank-branches.
V	Cash balances consisting Imprest Cash at Coimbatore, Chennai, Kolkatta, New Delhi, Bangalore, Hyderabad, Chandigarh, Bhopal & Ambattur has not been physically verified by us since the respective branches have already been closed. Hence accuracy of balances appearing in the respective accounts could not be traced.	Consequent to the decision of CCEA to close the company, the branches were closed and the employees relieved under VRS, and the cash balances were transferred to HO along with all the records. Proper adjustments could not be recorded in the accounts for the amount totaling Rs.64271/- due to the large volume of physical

		records / vouchers returned and simultaneous release of Employees from HO also under VRS. Verification of records and adjustment entries will be made to the extent possible, for reconciliation / settlement.
VI.	In Sl. No. 16 of Note 30 regarding non-treatment of the loss that may arise on disposal of certain plant and machinery included in fixed assets which are no longer required, and steels, valves and pipe-fittings relating to Polyester Plant identified as surplus and held for disposal, the company has not given effect for the Impairment of Fixed Assets as per AS 28	The referred assets have been identified as surplus at the time of completion of the Polyester X-Ray Plant and the same has been retained for use as replacement, wherever possible.
VII.	In Sl. No. 24 of Note 30 regarding non-availability of information of outstanding's interest paid /payable/accrued/unpaid for disclosures under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has not maintained adequate information to identify the MSME parties to make adequate disclosures about the amount payable to them.	In spite of efforts /verbal requests to Micro, Small and Medium Enterprises dealing with the Company, the Company was unable to get the relevant information from them in making suitable disclosures.
VIII.	Sl. No. 25 of Note 30 regarding the liability amount that may be payable consequent upon the suit filed by HPF Officers Association for wage revision which is pending in Supreme Court, we are unable to comment on the eventual liability of the Company.	The current status of the case is yet to be known and its impact is not assessable at this stage. Anyway, Government of India has not sanctioned wage revision for the Employees of the Company.
IX.	In the absence of the certainty of the estimates of amount involved in various legal cases initiated by employees and persons other than the employees, it is unable to comment on the eventual liability of the Company	The referred 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.
X.	During the year, Company has not made adequate provisions for Bad and doubtful debts in respect of sundry debtors pending recovery for three years or more for which no confirmation is available on record, shown under the head trade receivables.	The Audit committee and the Board were of the opinion that it is not appropriate to make a general provision for doubtful debts above three years and non-moving inventory above five years. Instead it was decided that the Debtors and Inventory should be analyzed in detail and provisions should be specifically made for only those items which are non-recoverable debts and obsolete inventory.
XI.	During the year, the company has not made adequate provisions for Obsolete and Non-moving stock items comprising stores & spares, printing & stationery, loose tools & process stock shown under inventories. And no stock verification report exists since physical verification has not been done during the year	The Audit committee and the Board were of the opinion that it is not appropriate to make a general provision for doubtful debts above three years and non-moving inventory above five years. Instead it was decided that the Debtors and Inventory should be analyzed in detail and provisions should be specifically made for only those items which are non-recoverable debts and obsolete inventory.
XII.	An amount of ₹ 82.876 lakhs, held as a House Building Advance granted to employees remains pending for reconciliation and the accuracy of the figures could not	A detailed study was carried out on the individual House-building loans sanctioned, recoveries made and settlement. The outstanding loans of

	be verified in the absence of information regarding the liabilities of the individual staff members on account of home loans availed by them.	individual staff members on this account is arrived and available. The reconciliation of accounting entries is to be made and this will be carried out to the extent possible.
XIII.	The Company is providing Depreciation on straight line basis with regard to assets existing as on 31.3.1987 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 Companies Act 2013 which mandates the calculation of depreciation as per useful life of assets .	Since production and commercial operations of the Company came to a standstill from May 2013, and the Government took a final decision to close the Company in 2014, it is not meaningful to change the existing method of calculation of depreciation at this stage and hence the same method is continued.
Attention is also invited to item No.1 of Accounting Policies wherein it is stated that the Company's financial statements have been prepared on <b>"GOING CONCERN BASIS"</b> . We are unable to express our opinion in view of the following:		The Accounts of the Company have been prepared on a <b>"GOING CONCERN BASIS"</b> .
XIV.	The company has incurred a net loss of ₹2917.16 Crore and a cash loss of ₹2885.75 Crore in the current year.	Operating Loss of the company is only Rs. 4.69 Crores. (without considering Interest, Depreciation and VRS Exp.) Loss of Rs. 2917.16 Crores is mainly due to interest on Bank/Gol loans which amounts to Rs.2865.06 Crores.
XV.	The accumulated losses as on 31.03.2017 stand at ₹ 20559.02 Crore as against the net owned shareholders' funds of ₹ 206.87 Crore.	The accumulated loss is mainly due to interest on Bank /Gol loans.
XVI.	The Net worth has been fully eroded and the Company has been consistently making significant losses for the past several years	The negative net worth of the Company is due to interest burden on Bank/Gol Loans.
XVII.	<p>The Company had been referred to BIFR in terms of the Sick Industrial Companies (Special Provisions) Act 1985, declared sick and recommended by BIFR for winding up vide order dated 30.01.2003, which had been taken on the files of the High Court of Madras in Company Petition (CP) 114 of 2003. The Company had obtained a stay from the Madras High Court in a writ petition against the implementation of above order of the BIFR.</p> <p>In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of Rs. 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from January 2015. As on 31<sup>st</sup> March 2017, 466 employees have been relieved under this VR Scheme.</p> <p>Consequent to the CCEA decision to close the Company, the writ petition filed by the Company against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 was withdrawn.</p>	Government of India has decided to close down the Company. Consequently, further orders of the High Court of Madras in Company Petition CP 114 / 2003 regarding winding up of the Company and appointment of Official Liquidator are awaited.



	The Writ Petitions filed by the Trade Unions against implementation of the BIFR order for winding up of the Company in CP 114 of 2003 were dismissed by the Hon'ble High Court of Madras on 29 <sup>th</sup> August 2016 and the recommendation of the BIFR for winding up of the Company has been accepted.	
XVIII.	The company's Current Liabilities have exceeded its Current Assets by ₹20,136.54 Crores.	The current liabilities mainly consist of short-term borrowings, trade payables, various demands raised on the Company, interest accrued on the dues and provisions made for such dues.
XIX.	Though the Company has negotiated its borrowings with its bankers and financial institutions and arrived at a "One-Time Settlement" Package which involves waiver of accrued interest and payment of principal @ 40% and below based on Secured and Unsecured Creditors as part of the Revival Proposal submitted to the Government, the proposal is yet to be approved by the Government	The proposal for One-time Settlement of dues with Bankers / Financial Institutions had been submitted to the Government for an appropriate decision. Meanwhile, the Government had taken a final decision in 2014 to close down the Company and the proceedings for the same have already been initiated.
XX	The Company's key financial ratios are quite adverse and there are consistently substantial negative cash flows from operations	Production and commercial activities had already come to a stop in 2013 and the Government has decided to close the company.
XXI.	The viability of the Company appears to be doubtful as the Company has discontinued its business operations and is incurring heavy losses	The Government has directed to implement VRS at 2007 Notional pay scale to all the employees of the company and to take necessary action towards closure of the Company .
	<p>Qualified Opinion</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India:</p> <ol style="list-style-type: none"> <li>In case of the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2017</li> <li>In case of the Statement of Profit and Loss of the company for the year ended on that date.</li> <li>And its Cash Flows for the year ended on that date</li> </ol>	

**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 2017.**

(Rs. In Thousand)

Particulars	Note	As at 31st March 2017	As at 31st March 2016
<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	(20,53,69,037)	(17,61,97,466)
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	13,75,26,977	11,82,43,438
Trade Payables	7	2,11,509	2,05,637
Other Current Liabilities	8	6,40,48,320	5,45,78,170
Short Term Provisions	9	69,735	68,743
<b>TOTAL</b>		<b>9,31,357</b>	<b>13,42,375</b>
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets:</u></b>			
Fixed Assets	10		
Tangible Assets		4,29,297	7,43,388
Intangible Assets		-	-
Non-Current Investments	11	6	6
Long-Term Loans and Advances	12	10,988	10,988
<b><u>Current Assets:</u></b>			
Inventories	13	75,759	74,067
Trade Receivables	14	52,077	51,898
Cash and Bank Balances	15	30,464	1,39,561
Short-Term Loans and Advances	16	3,32,766	3,22,467
Other Current Assets	17	-	-
<b>TOTAL</b>		<b>9,31,357</b>	<b>13,42,375</b>
Notes on Financial Statements	1to30		
Accounting Policies	31		

**PHILIP JOHN**General Technical Manager/  
Unit Chief**S.GIRISH KUMAR**Director Finance &  
Chairman cum Managing Director**A.K.DEORI**

Director

Vide our Report of even date attached,  
**For GIRI & CO., Chartered Accountants**  
Firm Registration Number: 006702S

Place : Coimbatore

Date : 7.7.2017

**R.GIRI**

Senior Partner, Member No. 025458

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

(Rs. In Thousand)

Particulars	Note	Year Ended 31st March 2017	Year Ended 31st March 2016
<b><u>INCOME</u></b>			
Revenue from Operations	18	-	-
Other Income	19	13,017	15,705
<b>Total Revenue</b>		<b>13,017</b>	<b>15,705</b>
<b><u>EXPENDITURE</u></b>			
Cost of Material Consumed	20	(225)	16
Purchase of Stock in Trade	21	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	22	(1,474)	760
Employee Benefit Expense	23	48,275	1,11,923
Finance Costs	24	2,86,50,598	2,44,19,214
Depreciation and Amortization Expense	25	3,14,091	3,14,138
Other Expense	26	13,294	15,876
<b>Total Expenses</b>		<b>2,90,24,559</b>	<b>2,48,61,927</b>
Loss before Extraordinary Items		(2,90,11,542)	(2,48,46,222)
Extraordinary Items	27	1,60,030	4,32,927
<b>Loss for the year</b>		<b>(2,91,71,572)</b>	<b>(2,52,79,149 )</b>
Add (-)/Less (+) Prior Period Adjustment	28	-	(37)
<b>Net Loss carried over to Balance sheet</b>		<b>(2,91,71,572)</b>	<b>(2,52,79,186)</b>
Basic and Diluted Earnings per Share of Face value of Rs.10.00 each.	29	(141)	(122)
Notes on Financial Statements	1 to 30		
Accounting Policies	31		

**PHILIP JOHN**  
General Technical Manager/  
Unit Chief

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

**A.K.DEORI**  
Director

Vide our Report of even date attached,  
**For GIRI & CO., Chartered Accountants**  
Firm Registration Number: 006702S

Place : Coimbatore  
Date : 7.7.2017

**R.GIRI**  
Senior Partner, Member No. 025458

**Notes on Financial Statements for the year ended 31st March, 2017**

**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 thousand			
Note No.	Particulars	As at 31st March 2017	As at 31st March 2016
<b>2</b>	<b>SHARE CAPITAL</b>		
	Authorized 210000000 equity shares of Rs.10/- each, issued subscribed and paid up.	21,00,000	21,00,000
	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</b>	<b>RESERVES AND SURPLUS</b>		
	Capital reserve - A	-	-
	Export profit reserve - B	11	11
	Bond Redemption Reserve - C	2,21,121	2,21,121
	Total A to C	<b>2,21,132</b>	<b>2,21,132</b>
	<b>PROFIT &amp; LOSS ACCOUNT</b>		
	Balance as per last Balance sheet	(17,64,18,598)	(15,11,39,412)
	Add loss for the year	(2,91,71,571)	(2,52,79,186)
		(20,55,90,169)	(17,64,18,598)
	<b>Total</b>	<b>(20,53,69,037)</b>	<b>(17,61,97,466)</b>
	<b>SHARE APPLICATION MEASURES PENDING ALLOTMENT</b>		
<b>4</b>	Share Capital Deposit	-	-
<b>5</b>	<b>LONG TERM BORROWINGS</b>		
	<b>Secured loans</b>		
	Long term loans		
	HPF Bonds A Series	12,11,103	12,11,103
	UTI Funded Interest loan	85,398	85,398
	<b>Sub Total</b>	<b>12,96,501</b>	<b>12,96,501</b>
	Bridge Loans - From Banks	7,69,657	7,69,657
	DPG Loan - State Bank of India	1,91,425	1,91,425
	<b>Un secured loans</b>		
	Term Loans-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>		
<b>Cash Credit From Banks</b>		
State Bank Of India	13,70,815	13,70,815
Interest accrued and due	7,12,60,186	6,01,23,556
Indian Overseas Bank	2,39,464	2,39,464
Interest accrued and due	1,21,83,596	1,03,33,353
Syndicate Bank	1,04,703	1,04,703
Interest accrued and due	68,45,062	57,60,078
State Bank of Patiala	99,129	99,129
Interest accrued and due	49,77,475	42,77,253
State Bank of Travancore	2,01,177	2,01,177
Interest accrued and due	72,70,793	61,57,947
Indian Bank	20,085	20,085
Interest accrued and due	4,94,533	4,14,191
Canara Bank	35,892	35,892
Interest accrued and due	29,24,330	24,10,572
	<b>10,80,27,240</b>	<b>9,15,48,215</b>
<b>Letter of Credit</b>		
Canara Bank	28,036	28,036
Interest accrued and due	23,34,677	19,24,620
Indian Bank	15,556	15,556
Interest accrued and due	11,29,235	9,50,513
Citi bank	36,302	36,302
Interest accrued and due	4,84,968	4,07,332
	<b>40,28,774</b>	<b>33,62,359</b>
<b>Un secured loans</b>		
Govt of India Loans	52,05,676	51,11,114
Interest accrued and due	1,41,14,779	1,28,26,511
	<b>1,93,20,455</b>	<b>1,79,37,625</b>
<b>Inter corporate loans</b>		
MarutiUdyog Ltd, New Delhi	50,000	50,000
National Mineral Dev.Corp, 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 and due-Inter Corp Loans	57,89,808	50,34,539
	<b>61,50,508</b>	<b>53,95,239</b>
<b>Total</b>	<b>13,75,26,977</b>	<b>11,82,43,438</b>
<b>7 TRADE PAYABLE</b>		
SSI units	-	-
Others	2,11,509	2,05,637
<b>Total</b>	<b>2,11,509</b>	<b>2,05,637</b>

<b>8</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Trustees of Employees contributory PF	29,140	19,782
	Advance from Customers	6,667	6,661
	Unclaimed HPF Bonds A series&Interest	3,596	3,596
	Other liabilities	11,21,973	9,92,148
	Interest accrued but not due on Govt loans	52,632	54,865
	Interest accrued&due-long term borrowings	6,28,34,312	5,35,01,118
	Loan on deposit account	-	-
	<b>Total</b>	<b>6,40,48,320</b>	<b>5,45,78,170</b>

<b>9</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for contingencies	14,073	12,904
	Provision for leave encashment	55,662	55,839
	<b>Total</b>	<b>69,735</b>	<b>68,743</b>

Schedule 10 to come here – last page

<b>11</b>	<b>NON CURRENT INVESTMENTS</b>		
	Shares with HPF employees co-op stores	6	6
	<b>Total</b>	<b>6</b>	<b>6</b>

<b>12</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	Other miscellaneous advance to employees	8,288	8,288
	Tax Deducted at source	2,700	2,700
	<b>Total</b>	<b>10,988</b>	<b>10,988</b>

<b>13</b>	<b>INVENTORIES</b>		
	Stores and spares	56,369	56,368
	Printing and stationery	196	203
	Loose tools	3	4
	Raw materials	70,828	70,828
	Process stock	11,439	9,965
	Finished goods	-	-
	Reclaimable scrap	3,770	3,545
		<b>1,42,605</b>	<b>1,40,913</b>
	<b>Less : Provision for obsolete/surplus items</b>		
	Stores and spares	41,517	41,517
	Raw materials	25,329	25,329
	Finished goods	-	-
		<b>66,846</b>	<b>66,846</b>
	<b>Total</b>	<b>75,759</b>	<b>74,067</b>

<b>14</b>	<b>TRADE RECEIVABLES</b>		
	Sundry debtors ( Net of advance)	1,33,557	1,33,557

	Other misc. debtors(Net of advance)	1,396	1,223
	Credit balance in Debtors	6,667	6,661
	<b>Total Gross Debtors</b>	<b>1,41,620</b>	<b>1,41,441</b>
	Less Provision for bad/doubtful debts	89,543	89,543
	<b>Total</b>	<b>52,077</b>	<b>51,898</b>
<b>15</b>	<b>CASH AND BANK BALANCES</b>		
	Cash, cheques and stamps on hand	64	116
	Balance with Banks	2,650	4,584
	Fixed deposits with Banks	27,750	1,34,861
	<b>Total</b>	<b>30,464</b>	<b>1,39,561</b>
<b>16</b>	<b>SHORT TERM LOAN AND ADVANCES</b>		
	Claims recoverable	2,55,988	2,55,988
	Deposits	11,162	11,162
	Advances and others	3,24,069	3,13,680
	Prepaid expenses	-	90
		<b>5,91,219</b>	<b>5,80,920</b>
	Less: Provision for doubtful of recovery	2,58,453	2,58,453
	<b>Total</b>	<b>3,32,766</b>	<b>3,22,467</b>
<b>17</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued-FD-LC/BG margin deposit	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>18</b>	<b>REVENUE FROM OPERATION</b>		
	Sales less returns	-	-
	Less: Excise duty/CVD	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>19</b>	<b>OTHER INCOME</b>		
	Other sundry receipts	1,966	407
	Interest receipts - staff	-	42
	Interest receipts - Banks	9,733	14,156
	Township rent receipts	1,318	1,100
	<b>Total</b>	<b>13,017</b>	<b>15,705</b>
<b>20</b>	<b>COST OF RAW MATERIALS CONSUMED</b>		
	<b>Raw materials consumed</b>		
	Opening stock of raw materials	70,828	70,828
	Add purchases	-	8
	Less : closing stock of raw materials	70,828	70,828
	Increase(-)/Decrease(+) in reclaimable scrap	(225)	8
	Raw materials consumed	(225)	16
	<b>Stores and spares consumed</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>(225)</b>	<b>16</b>
<b>21</b>	<b>PURCHASE OF STOCK IN TRADE</b>		
	Opening stock	-	-

	Add: Purchase	-	-
	Less Closing stock	-	-
	<b>Total</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	-	321
	Work in progress	9,965	10,404
		<b>9,965</b>	<b>10,725</b>
	<b>Closing stock</b>		
	Finished goods		
	Work in progress	11,439	9,965
		<b>11,439</b>	<b>9,965</b>
	Increase/ - decrease in stock	<b>(1,474)</b>	<b>760</b>
<b>23</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries, wages, Bonus etc	43,220	1,01,858
	Contribution to provident fund	2,871	4,775
	Contribution to Gratuity fund	-	74
	Contribution-group insurance sch.	25	614
	Staff Welfare Expense	2,159	4,602
	<b>Total</b>	<b>48,275</b>	<b>1,11,923</b>
<b>24</b>	<b>FINANCE COST</b>		
	Interest on Govt. loans	12,86,035	12,21,181
	Bank borrowings and others	2,73,64,563	2,31,98,033
	<b>Total</b>	<b>2,86,50,598</b>	<b>2,44,19,214</b>
<b>25</b>	<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
	Depreciation on buildings	6,933	6,938
	Depreciation on plant and machinery	2,97,019	2,97,022
	Depreciation on other assets	10,139	10,178
	<b>Total</b>	<b>3,14,091</b>	<b>3,14,138</b>
<b>26</b>	<b>OTHER EXPENSES</b>		
	Power and fuel	3,852	4,471
	Repair & Maintenance-Building	-	79
	Repair & Maintenance-Plant and M/c.	100	84
	Repair & Maintenance -Others	5,443	2,928
	Rent		19
	Lease rent-Project	1,193	1,193
	Insurance	324	9
	Rates and taxes	426	331
	Travelling and conveyance	1,038	1,272
	Administrative and Office expenses	261	354



	Auditors remuneration	69	76
	Directors sitting fees	1	3
	Miscellaneous expenses	587	737
	Exchange rate difference	-	4303
	Advertisement and publicity	-	17
	<b>Total</b>	<b>13,294</b>	<b>15,876</b>
<b>27</b>	<b>EXDTRODINARY ITEM</b>		
	VRS payment	1,60,030	4,32,927
	<b>Total</b>	<b>1,60,030</b>	<b>4,32,927</b>
<b>28</b>	<b>PRIOR PERIOD ADJUSTMENT (NET)</b>		
	Interest	-	37
	Other cost	-	-
	<b>Total</b>	<b>-</b>	<b>37</b>
<b>29</b>	<b>EARNINGS PER SHARE</b>		
	Net Profit / (Loss) After Tax (in Thousand)	(2,91,71,572)	(2,52,79,186)
	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.)	(141)	(122)

### 30. Notes on Financial Statement for the year ended 31<sup>st</sup> March 2017

#### 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 KanjBiheriSangli stockiest not acknowledged as Debt	160.49 (Previous year 160.49)
c) OD Interest - Govt. Mint	2164.64 (Previous year 2076.23)
d) OD Interest - Hindustan Zinc	3586.24 (Previous year 3442.26)
Total	<b>6208.83</b> (Previous year 5976.44)

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

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

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

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

8. Principal amount of loans of ₹ 440.87 Crores and interest accrued of ₹16581.77 Crore amounting to ₹17022.64 Crore has been secured to the extent of ₹ 535.96 Crore consisting of fixed assets ₹ 486.85 Crore (based on 1997 market valuation) and current assets of ₹ 49.11 Crore as on 31.3.2017.
9. The 13% Secured Redeemable Non-Convertible Bonds ("A" Series) of ₹1000/- each issued in terms of the Prospectus dated 6th November 1987 have been secured by mortgage in a form and substance satisfactory to the Trustees, M/s. Canara Bank over all the immovable properties of the Company, wherever situated including fixed Plant and Machinery and first charge by way of hypothecation of all moveable assets of the Company (save and except book debts), both present and future.

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

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

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

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

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

In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of Rs. 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from

January 2015. As on 31<sup>st</sup> March 2017, 466 employees have been relieved under this VR Scheme

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

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

13. Employee benefits –

a) Gratuity :

i) The Company has taken a policy with LIC of India to cover the Gratuity liability. The fund available as on 31.3.2017 with LIC is ₹559.84Lakh (Previous year ₹ 638.001 Lakh) and is sufficient to meet the liability against Gratuity.

ii) The amount due to HPF ECPF Trust as on 31.3.2017 is ₹ 291.40Lakh (Previous year ₹ 197.82 Lakh). A sum of ₹30.00Lakh (Previous year ₹356.60Lakh) was paid to the Trust during the year.

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

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

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

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

16. (a) A sum of ₹5.49 Lakh (Previous year ₹6.09 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 MarutiUdyog Ltd., as no TDS was accounted during the assessment year 1994-95 and as there was no rectification order for the same for the subsequent years, the TDS deductible in respect of MUL is retained in the Books of Accounts.
  20. As part of the incentive package for Revival of HPF the Government of Tamilnadu has waived the accumulated Forest Lease Rent upto 31.03.2010 amounting to Rs.920.53 Lakhs and also issued G.O that the accumulated consent fee for Air & Water due to TNPCB of Rs.23.13 lakhs will not be insisted upon. Based on the G.O. the amount has been reversed. The current demand for Lease rent has been accounted during the year .Subsequently, fresh G. O was received from TNPCB and based on that, demand of consent fee from TNPCB was not insisted on and has been reversed.
  21. The company had initiated proceedings before the Estate Officer on recovery of outstanding License fees from Hotel SiddarthNilgiris (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 - Others includes ₹ 31.33Crores (Previous year ₹ 30.26 Crores) paid to the employees of the company. This represents the advance recoverable from the employees who are continuing in service as on 31.3.2017.
27. The company has been sick for many years with capacity utilization below 5%. The company is unable to assess the loss due to impairment of fixed assets in view of the high cost involved for such an exercise. Hence loss due to impairment of assets has not been assessed as per AS-28.
28. a. The details with respect to provision as per AS-29 is as follows: (₹ In Lakh)

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

- 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 ₹ 37560 (Net Debit) are expenses / income which arise / identified in the current period pertaining to Financial Statements prepared in earlier years.

### 30. Notes on Financial Statement for the year ended 31<sup>st</sup> March 2017 (Continued)

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

##### Capacity and Production:

S. No.	Class of Goods	2016-17			2015-16		
		Licensed *	Installed **	Production @@	Licensed *	Installed **	Production @@
1	Cine Film (Positive and Negative including Sound and Colour Films and Photo Paper) M.Sq.m	12.347	15.260	0.000	12.347	15.260	0.000
2	X-Ray Film - M.Sq.m	13.668	11.820	0.000	13.668	11.820	0.000
3	Roll Films – M.Sq.m	1.010	0.310	0.000	1.010	0.310	0.000
4	Graphic Arts – M.Sq.m	3.000	#2.250	0.000	3.000	#2.250	0.000
5	Industrial X-ray – M.Sq.m	0.750	#0.510	0.000	0.750	#0.510	0.000
6	Processing Chemicals – Tonnes	NA	400	0.000	NA	400	0.000
7	Silver Nitrate – Tonnes	90@	120	0.000	90@	120	0.000
8	Magnetic Tape – MRM	1500	550	0.000	1500	550	0.000

NA Not Applicable

\* Revised as per re-endorsed license

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

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

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

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

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

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

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

**30. Notes on Financial Statement for the year ended 31<sup>st</sup> March 2017 (Continued)**

**30 (b) RAW MATERIALS CONSUMED**

VALUE : ₹ In. Lakh

	UNIT	2016-17		2015-16	
		QUANTITY	QUANTITY	QUANTITY	VALUE
Cellulose Tri Acetate	Kg	0.00	0.00	0.00	0.00
Silver	KG	0.00	0.00	0.00	0.00
Methylene Chloride	KG	0.00	0.00	0.00	0.00
Methanol	KG	0.00	0.00	0.00	0.00
Triphenyl Phosphate	KG	0.00	0.00	0.00	0.00
Gelatine	KG	0.00	0.00	0.00	0.00
Acetone	KG	0.00	0.00	0.00	0.00
Baryta Coated Paper	SQM	0.00	0.00	0.00	0.00
Polyester Base	SQM	0.00	0.00	0.00	0.00
Coated Jumbo	SQM	0.00	0.00	0.00	0.00
Other Materials			0.00		0.00
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

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

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

CLASS OF GOODS	YEAR ENDED 31-03-2017				YEAR ENDED 31-03-2016			
	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>



**30. Notes on Financial Statement for the year ended 31<sup>st</sup> March 2017 (Continued)**

**30 (d) Information regarding Remuneration**

(₹ in Lakh)

	2016-17	2015-16
i. Director Finance, Chairman-cum- Managing Director(Addl.Charge)- Salary	---	---
ii. Chief Vigilance Officer	---	---
Provident Fund and Other Funds	---	---

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

(₹ in Lakh)

	2016-17	2015-16
<b>i. Raw Materials</b>	---	---
Components and Spare Parts	---	---
Capital Goods	---	---

**ii. Value of Raw Materials, Stores and Spare Parts Consumed**

	2016-17		2015-16	
	₹ in Lakh	Percentage of Consumption	₹ in Lakh	Percentage of Consumption
Raw Materials				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	0.00	0.00	0.08	100.00
Stores and Spare Parts				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	0.00	0.00	0.00	0.00

(₹. in Lakh)

	2016-17	2015-16
iii. Expenditure in Foreign Currencies (Cash Basis)	---	---
iv. Earnings in Foreign Exchange Export of Goods (FOB)	---	---

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

Figures in the brackets in accounts reflect negative balance.

## **31. ACCOUNTING POLICIES**

### **1. GENERAL:**

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

### **2. FIXED ASSETS:**

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

### **3. INTANGIBLE ASSETS:**

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

### **4. DEPRECIATION:**

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

### **5. INVESTMENTS:**

Investments are valued at Cost.

### **6. CURRENT ASSETS, LOANS AND ADVANCES:**

#### **a. Valuation of Inventories**

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

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

(obsolete/surplus items, Stores & Spare Parts and Raw Materials) have been made for more than five years old.

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

#### **7. TRADE RECEIVABLES:**

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

#### **8. CLAIMS:**

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

#### **9. RETIREMENT BENEFITS:**

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

#### **10. EXCHANGE DIFFERENCES:**

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

#### **11. MATERIAL COST:**

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

#### **12. EMPLOYEE BENEFIT EXPENSES :**

VRS at 2007 Notional Pay Scale has been implemented in the Company from January 2015. 466 Employees have been relieved on VRS as on 31.03.2017

#### **13. EXCISE DUTY:**

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

#### **14. REVENUE RECOGNITION:**

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

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

**PHILIP JOHN**  
General Technical Manager/  
Unit Chief

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

**A.K. DEORI**  
Director

Vide our Report of even date attached

**For GIRI & CO.,**

Chartered Accountants.

Firm Registration Number: 006702S

Place : Coimbatore

Date : 7.7.2017

**R.GIRI**  
Senior Partner  
M. No: 025458

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017**

₹. In Thousand

Particulars	2016-2017	2015-2016
<b>I Operating Activities:</b>		
Net Profit / (Loss) before Tax and After Extra Ordinary Items and Prior Period Items	(2,91,71,572)	(2,52,79,186)
<b>Add:</b> Non Operative and Non Cash Items Debited to Profit & Loss A/c.		
Depreciation and Amortisation	3,14,091	3,14,138
Finance Cost	2,86,50,598	2,44,19,214
Extra Ordinary Items	1,60,030	4,32,927
	2,91,24,719	2,51,66,279
<b>Less:</b> Non Operative and Non Cash Items Credited to Profit & Loss A/c.		
Other Income	13,017	15,705
	(13,017)	(15,705)
<b>Cash Outflow from Operating Activities before changes in Working Capital.</b>	<b>(59,870)</b>	<b>(1,28,612)</b>
<b>Changes in Working Capital</b>		
Increase/(Decrease) in Trade Payables	5,872	(342)
Increase/(Decrease) in Other Current Liabilities	94,70,150	80,21,739
Increase / (Decrease) in Short Term Provisions	992	-
(Increase) / Decrease in Inventories	(1,692)	773
(Increase)/Decrease in Trade Receivables	(179)	(194)
(Increase)/Decrease in Short Term Loans and Advances	(10,299)	(31,198)
Decrease / (Increase) in Other Current Assets	-	6,948
	94,64,844	79,97,726
<b>Inflow / (Outflow) of Cash from Operating Activities.</b>	<b>94,04,974</b>	<b>78,69,114</b>
<b>Extra Ordinary Items</b>	<b>(1,60,030)</b>	<b>(4,32,927)</b>
<b>Net Inflow / (Outflow) of Cash from Operating Activities.</b>	<b>92,44,944</b>	<b>74,36,187</b>
<b>II Investing Activities</b>		
Addition in Fixed Assets	1	(44)
Long term Advances to Employees and Others	0	2
Income from Other Investments	13,017	15,705
<b>Net Inflow / (Outflow) of Cash from Investing Activities</b>	<b>13,018</b>	<b>15,663</b>
<b>III Financing Activities</b>		
Proceeds from Issue of Shares	-	-
Proceeds from Short Term Borrowings	1,92,83,539	1,66,09,401
Finance Cost	(2,86,50,598)	(2,44,19,214)
<b>Net Inflow / (Outflow) of Cash from Financing Activities</b>	<b>(93,67,059)</b>	<b>(78,09,813)</b>
<b>Net Inflow of Cash</b>	<b>(1,09,097)</b>	<b>(3,57,963)</b>
<b>Add:</b> Opening Balance of Cash and Cash Equivalents	1,39,561	4,97,524
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>30,464</b>	<b>1,39,561</b>

**PHILIP JOHN**  
General Technical Manager/  
Unit Chief

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

**A.K.DEORI**  
Director

Vide our Report of even date attached,  
**For GIRI & CO., Chartered Accountants**  
Firm Registration Number: 006702S

Place : Coimbatore  
Date : 07.07.2017

**R.GIRI**  
Senior Partner, Member no. 025458

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **M/S. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2017, Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information annexed hereto.

**Management's Responsibility for the Financial statements:**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion:**

- I. In SI.No.8 of Note 30, the Secured "A" Series Bonds and secured Loans amount to Rs.17,022.64 Crore (including Interest) as on 31.03.2017. Of this total amount only Rs.535.96 Crore has been secured by fixed and current assets. The classification of the balance of Rs.16486.68 Crore as "Secured" in our opinion is not correct.
- II. The confirmation of balances of cash credit, letter of credit, bridge loans, DPG loan from SBI , UTI Funded interest loan , Inter corporate loans , Unsecured term loans of Canara bank bond interest loan & SBI bond interest loan as on 31.03.2017 could not be obtained by the company. In the absence of confirmation from the respective parties, accuracy of balances appearing in the respective accounts could not be verified by us.
- III. Interest accrued and due on the above loan accounts are estimated every year by the company. Confirmation for the Interest accrued and due for the above loans as on 31.03.2017 could not be obtained by the company. In the absence of confirmation from the respective parties, accuracy of balances appearing in the respective accounts could not be verified by us.
- IV. Current account of SBI Pondicherry, SBI Chandigarh , SBI Jaipur, IOB Hyderabad, Indian Bank Harbour Branch- Chennai, Citi Bank - Chennai, Central Bank of India - Bangalore, Guwahati, Kanpur, New Delhi as on 31.03.2017 could not be obtained by the company. In the absence of confirmation from the respective parties, accuracy of balances appearing in the respective accounts could not be verified by us.
- V. Cash Balances consisting Imprest Cash at Coimbatore, Chennai, Kolkatta, New Delhi, Bangalore, Hyderabad, Chandigarh, Bhopal & Ambattur has not been

physically verified by us since the respective branches have already been closed. Hence accuracy of balances appearing in the respective accounts could not be traced.

- VI.**In Sl. No.16 of Note 30, regarding non treatment of the loss that may arise on disposal of certain plant and machinery included in fixed assets which are no longer required and steels, valves and pipe fittings relating to Polyester Plant identified as surplus and held for disposal. The company has not given effect for the Impairment of Fixed Assets As per AS 28.
- VII.**In Sl. No.24 of Note 30, regarding non availability of information of outstanding's interest paid / payable / accrued / unpaid for disclosures under the Micro, Small and Medium Enterprises Development Act, 2006. The Company has not maintained the adequate information to identify the MSME parties to make adequate disclosures about the amount payable to them.
- VIII.**In Sl. No.25 of Note 30, regarding the liability amount that may be payable consequent upon the suit filed by HPF officers Association for wage revision which is still pending in Supreme Court, we are unable to comment on the eventual liability of the company in this regard.
- IX.** In absence of the certainty of the estimates of amount involved in various legal cases initiated by employees and persons other than the employees, we are unable to comment on the eventual liability of the company.
- X.** During the year, the company has not made adequate provisions for Bad and doubtful debts in respect of sundry debtors pending recovery for three years or more for which no confirmation is available on record, shown under the head trade receivables .
- XI.** During the year, the company has not made adequate provisions for Obsolete and Non moving stock items comprising Stores & spares, Printing & stationery, Loose Tools & Process Stock shown under inventories. And no Stock verification report exists since physical verification has not been done during the year.
- XII.** An amount of Rs.82.876 Lacs, held as a House Building Advance granted to employees remains pending for reconciliation and the accuracy of the figures could not be verified in the absence of information regarding the liabilities of the individual staff members on account of loans availed by them.
- XIII.** The Company is providing Depreciation on straight line basis with regard to assets 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 Companies Act 2013 which mandates the calculation of depreciation as per Useful life of assets.

Attention is also invited to item No.1 of Accounting Policies wherein it is stated that the company's financial statements have been prepared on "GOING CONCERN BASIS". We are unable to express our opinion in view of the following:

**XIV.** The company has incurred a net loss of Rs.2,917.16 Crores and a cash loss of Rs.2,885.76 Crores in the current year.

**XV.** The accumulated losses as on 31.03.2017 stand at Rs.20559.03 Crores as against the net owned shareholders' funds of Rs.206.87 Crores.

**XVI.** The net worth has been fully eroded and the company has been consistently making significant losses for the past several years.

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

In the meantime, based on the recommendations of BRPSE, the CCEA has recommended a sum of Rs. 181.54 crores towards implementation of VRS at 2007 notional pay scales for all the employees of the Company and to take further action for the closure of the Company. Accordingly, VRS at 2007 notional pay scales has been implemented in the Company from January 2015. As on 31<sup>st</sup> March 2017, 466 employees have been relieved under this VR Scheme

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

**XVIII.** The company's Current Liabilities have exceeded its Current Assets by Rs.20136.56 Crores.

**XIX.** Though the company has negotiated its borrowings with its bankers and financial institutions and arrived at a "ONE TIME SETTLEMENT" Package which involves waiver of accrued interest and payment of principal @40% and below based on Secured and Unsecured Creditors as part of the Revival

Proposal submitted to the Government, the proposal is yet to be approved by the Government.

**XX.** The company's key financial ratios are quite adverse and consistently posting substantial negative cash flows operations.

**XXI.** The viability of the company appears to be doubtful as the company has discontinued its business operations and is incurring heavy losses.

**Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India:

- (a) in case of the Balance sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date
- (c) And its Cash Flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Section 143(5) of the Companies Act 2013, we give in the annexure A, a statement on the compliance to directions issued by the Comptroller and Auditor general of India.
2. As required by the companies(Auditor's Report) Order, 2016 (the Order) issued by the Central Government of India in terms of Sub Section (11) of Section 143 of the Companies Act 2013, we give in the annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent Applicable.
3. As required by section 143(3) of the Act, we report that:
  - a) We have obtained all the information and explanations except for the matters described in the Basis for qualified opinion Paragraph, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) Except for the possible effects of the matter described in the Basis for qualified 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 our examination of those books.
  - c) The Balance Sheet and the statement of Profit and loss and the cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies

(Accounts) Rules, 2014 except for the non-compliance of Accounting Standards 28 " Impairment of Assets", the impact of which is not ascertainable and Accounting standards 15 "Employee Benefits", regarding the Estimated provision for leave encashment of Rs.558.396 Lacs which has not been certified by actuary.

- e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) The matter described in the Basis of Qualified Opinion paragraph above, in our opinion may have an adverse effect on the functioning of the company and
- h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the companies ( Audit and auditors) Rules, in our opinion and to our best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 1, 12, 15, 21, and 25 of note 30.
  - ii. The company has made provisions as required under the applicable law or Accounting Standard, for material foreseeable losses, if any on long term contracts.
  - iii. The details of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company has been given in point VII(A)(2) of Annexure A.

For and on Behalf of  
**M/s. Giri & Co.,**  
**Chartered Accountants**  
F.R.No. 006702S

Dated:-07/07/2017  
Place :-Coimbatore

**(R.Giri )**  
Senior Partner  
M.No 025458

**ANNEXURE –“A” TO THE AUDITORS' REPORT**

The Annexure “A” referred to in our report to the members of **M/s. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED** on the financial statements for the year ended 31<sup>st</sup> March, 2017. We report that:

- i) **In respect of Fixed Assets :**
  - a) In our opinion and according to the information and explanations given to us during the course of audit, the Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) In our opinion and according to the information and explanations given to us during the course of audit, fixed assets have not been physically verified by the Management at reasonable intervals, and in our opinion, physical verification of fixed Assets followed by the management are not reasonable and adequate in relation to the size of the company and nature of its business.
  - c) In our opinion and according to the information and explanations given to us during the course of audit, the title deeds of immovable properties are held in the name of the company.
- ii) **In respect of Inventories :**

In our opinion and according to the information and explanations given to us during the course of audit, Physical verification of raw materials, Work in progress, stores and spares and finished goods has not been conducted during the year.
- iii) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit, the Company has not granted loans, secured or unsecured, to Companies, firm LLP's or other parties, listed in the Register maintained Under Section 189 Of the Companies Act,2013.
- iv) According to the information and explanations given to us, no such loans, investments, Guarantees and security given by the company during the year as mentioned in section 185 and 186 of the companies Act, 2013.
- v) The Company has not accepted any deposits from the public.

vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the goods manufactured by the company.

vii)A) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit , the undisputed statutory dues including provident fund, Income Tax (TDS) and other statutory dues, have not been regularly deposited with the appropriate authorities and there have been delays and there were arrears outstanding for a period of more than 6 month as on the last day of the financial year ended 31<sup>st</sup> March,2017.

Nature of Statute	Nature of dues	Amount( in lakh)	Period to which the amount relates	Due date for payment/Remittance	Date of payment
1.Income Tax Act, 1961	R&D Cess	4.94	1992-93	1992-93	Not yet paid
2.Companies Act, 2013	Unpaid principal and Interest on HPF 'A' series Bonds shown under Investor Education and protection Fund.	35.96	1994-95	30.01.2002	Not yet paid
3.Employess Provident Fund	PF Compulsory Contribution	67.73	June 15 to March 17	June 2015 to April 2017	Not yet paid
	PF Voluntary Contribution	38.46	June 15 to March 17		
	PF Company's Contribution	114.92	June 15 to March 17		
	PF Advance Recoveries.	70.29	May 15 to March 17		

B) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit, there are no dues of Income Tax, wealth Tax, Sales Tax, Customs Duty, Excise Duty and Service tax as at 31<sup>st</sup> March 2017, which have not been deposited on account of dispute.

viii) In our Opinion and according to the information and explanations given to us and the records examined by us, the Company has defaulted in repayment of dues to financial institutions and banks as at Balance sheet date. The period and amount of default is reported in Annexure -1.

ix) The company did not raise money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no fraud by the company or fraud on the company by its officers or employees noticed or reported during the year.

- xi)According to the information and explanations given to us and the records examined by us, no managerial remuneration has been paid or provided during the year by the company.
- xii)In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii)According to the information and explanations given to us and the records examined by us, no such transactions entered with the related parties by the company during the year as mentioned in sec.177 and 188 of Companies Act 2013.
- xiv) According to the information and explanations given to us and the records examined by us, 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)According to the information and explanations given to us and based on the records examined by us, the company has not entered into any non cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi)The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For and on Behalf of  
**M/s. Giri & Co.,**  
**Chartered Accountants**  
F.R.No. 006702S

**(R.Giri )**  
Senior Partner  
M.No 025458

Dated:-07/07/2017  
Place :- Coimbatore

## **Annexure - B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **M/S. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED** as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on Behalf of  
**M/s. Giri & Co.,**  
**Chartered Accountants**  
F.R.No. 006702S

Dated:-07/07/2017  
Place :-Coimbatore

**(R.Giri )**  
Senior Partner  
M.No 025458



**Annexure to Auditor's Report**

Referred to in clause viii of Annexure 'A' a statement on the matters specified in the Companies (Auditor's Report) Order, 2016 of M/s. Hindustan Photo Films Manufacturing Company Limited for the year ended 31<sup>st</sup> March, 2017.

Name of Lenders / Bond Holders	Principal Amount Outstanding and overdue as on 31.03.2017	Interest Amount outstanding and overdue as on 31.03.2017	Due Date for repayment in respect of each borrowing/debenture
<b>HPF Bonds "A" Series</b>	12,11,103	44,46,045	30 <sup>th</sup> January 1995. In respect of UTI Bonds 30 <sup>th</sup> January 1998.
<b>UTI Funded Interest Loan</b>	85,398	4,75,062	The entire amount is overdue as on 31 <sup>st</sup> March 2017
<b>Cash Credit :</b>			
State Bank Of India	13,70,815	7,12,60,186	
Syndicate Bank	1,04,703	68,45,062	
Indian Overseas Bank	2,39,464	1,21,83,596	
State Bank Of Patiala	99,129	49,77,475	
State Bank Of Travancore	2,01,177	72,70,793	
Indian Bank	20,085	4,94,533	
Canara Bank	35892	29,24,330	
<b>Letter of Credit :</b>			
Canara Bank	28,036	23,34,677	
Indian Bank	15,556	11,29,235	
Citi Bank	36,302	4,84,968	
<b>Bridge Loan From Banks</b>	<b>7,69,657</b>	<b>4,10,54,076</b>	
<b>DPG Loan From SBI</b>	<b>1,91,425</b>	<b>99,37,685</b>	
<b>Term Loans :</b>			
Canara Bank	8,648	11,70,847	
State Bank Of India	1,08,972	57,50,596	

**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 2017**

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The preparation of financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on these financial statements under Section 143 of the Act, based on independent audit in accordance with the auditing and assurance standards prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 July 2017.

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 2017 under Section 143 (6)(b) of the Act

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

(E.SRINIVASAN)  
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
AND EX-OFFICIO MEMBER AUDIT BOARD ,CHENNAI

Place: Chennai  
Date: September 01,2017

### 10. Fixed Assets

Rs. In Thousand

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on	Addition	Deletion	As on	As on	For the year	As on	As on	As on
	01.04.2016	2016-17	2016-17	31.03.2017	01.04.2016	2016 -2017	31.03.2017	31.03.2017	31.03.2016
Land Free hold & Lease Hold	1118	0	0	1118	0	0	0	1118	1118
Roads & Approaches	2554	0	0	2554	1144	26	1170	1384	1410
Buildings	249369	0	0	249369	168448	6933	175381	73988	80921
Electrical Installations	149516	0	0	149516	133028	6203	139231	10285	16488
Plant & Machinery	6627606	0	0	6627606	5997585	297020	6294605	333001	630021
Laboratory Equipments	31341	0	0	31341	26628	456	27084	4257	4713
Office Misc. Equipments	26612	0	0	26612	24220	706	24926	1686	2392
water works	58561	0	0	58561	52981	2652	55633	2928	5580
Furniture, Fixture, Fittings	6008	0	0	6008	5589	65	5654	354	419
Motor Vehicles	5074	0	0	5074	4748	30	4778	296	326
Current Year total	7157759	0	0	7157759	6414371	314091	6728462	429297	743388
Previous Year Total	7157715	44	0	7157759	6100233	314138	6414371	743388	1057482