

Chairman-cum-Managing Director
& Director (Finance)

Shri. S. Girish Kumar

Directors

Shri Manjit Kumar
Shri G.R.Sundaravadivel
(Nominee Director – UTI AMC Pvt. Ltd)
Smt. Meera Saksena I.A.S. (Retd)

Company Secretary

Shri. S.B. Ravindra (Upto 31.3.2015)
Senior Manager Finance and
Company Secretary i/c

Assistant Company Secretary

Smt. R. Ushakumari (From 18.3.2015)

Auditors

M/s A. John Moris & Co
Chartered Accountants, Chennai

Bankers

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

Registered Office

Indunagar
Ootacamund
Tamil Nadu - 643 005

HINDUSTAN PHOTO FILMS MFG. CO.LTD.

NOTICE TO SHARE HOLDERS

Telegram : PHOTOFILM
Telephone : 0423-2444020-2444025
Fax : 0423-2442556

Registered Office
Indunagar
Ootacamund-643005

26.8.2015

NOTICE

Notice is hereby given that the 54th Annual General Meeting of the Shareholders of Hindustan Photo Films Manufacturing Company Limited will be held at Hotel Alankar Grande, Coimbatore , Tamilnadu on 16th September 2015 at 10.00 Hrs to transact the following business:

ORDINARY BUSINESS:

- To consider and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March 2015.
- To fix remuneration of the Auditors for the year 2015-16.

(BY ORDER)

(R. Ushakumari)
Asst. Company Secretary

To: All Members

CC: M/s John Moris & Co
Chartered Accountants
No.17/9 Lakshmipuram Main Street
Lloyds Road, Royapettah
Chennai-600 014

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 54th Annual Report on the working of the Company along with the audited accounts for the year ended 31st March 2015, 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 31.3.2015 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.

Production

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. The electricity was disconnected by TNEB since the Company did not pay EB Bills due to non-availability of funds.

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 ₹ 2162.77 Crore for the year as compared to a net loss of ₹1820.42 Crore in the previous year. The Company has incurred a cash loss of ₹ 55.51 Crore during the year before interest and prior period adjustments as against ₹16.69 Crore during the previous year.

MOU 2014-15

The Company was exempted from signing the MOU for the year 2014-15.

Quality Assurance

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. Activities of the Quality Assurance department were restricted due to non-production activities.

R&D and Quality Control

Activities could not be carried out as there was no production

Financial Data for the last ten years -- Year ending 31 st March 2015										(₹ in lakhs)
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Production	1536.95	1768.22	1761.53	2409.93	2549.80	3992.46	760.94	360.60	15.09	---
Sales	1461.41	1459.34	1716.53	2618.48	2625.01	3718.32	1256.38	373.81	124.86	---
Net Profit /Loss	-56090.18	-65305.92	-78949.15	-89026.05	-100921.51	-115665.42	-135238.95	-156531.99	-182042.26	-216276.71
Growth Rate (%)										
- Turnover	-15.94	-0.14	17.62	52.54	0.25	41.64	-66.21	-70.25	-66.60	---
- Production	1.15	15.05	-0.38	36.81	5.80	56.55	-80.94	-52.61	-95.82	---
Net profit (As a % of)										
- Turnover	-3838.09	-4475.03	-4599.35	-3399.91	-3844.61	-3110.69	-10764.18	-41874.75	-145797.10	---
Networth	-349138.34	-414444.27	-493093.42	-582019.47	-682840.98	-798406.40	-933645.35	-1090177.34	-1272219.61	-1488496.32
Inter Corporate loan	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00	3607.00
Gross Block (Excluding Capital WIP)	72063.70	72065.78	72078.91	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15
Gross Block (Including Capital WIP)	72063.70	72065.78	72078.91	71552.47	71566.57	71566.75	71585.22	71596.58	71577.15	71577.15
Inventories	1201.94	1617.27	1607.00	1411.14	1417.60	1541.50	942.24	891.17	763.05	748.40
Depreciation	3328.61	3323.37	3315.40	3241.61	3212.35	3166.17	3146.92	3147.82	3141.13	3141.13
Interest	51595.13	60230.85	71820.89	83014.38	95498.84	111525.07	130242.70	151703.19	177238.16	207584.49

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

Personnel

The total number of permanent employees as on 31st March 2015 stood at 348. The representation of SC and ST categories in the total employees' strength was as follows:

Representation of SC category :	74 (21.26%)
Representation of ST category :	19 (5.45%)

The Company continued to follow the reservation policies in respect of Scheduled Caste and Scheduled Tribe communities in accordance with the directives issued by the Government of India from time to time.

The total strength of ex-servicemen employed by the Company as on 31st March 2015 stood at 4 representing 1.14 % of the total strength. The number of physically handicapped employees stood at 10 as on 31st March 2015 consisting of 5 ortho-handicapped and 5 deaf and dumb employees. During the year 286 employees were relieved under 2007 Notional VRS .

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

Assets of the Company were generally insured.

Implementation of official language

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

Development of Ancillaries

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

Contribution to Exchequer

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

Vigilance Activities

Vigilance Department continued to keep strict vigil within the Organization. The Department was engaged in activities like investigation of complaints from various sources, conducted surprise and detailed inspections of transactions. To improve Vigilance administration and to ensure transparency, all open/limited tenders were put on the website of the Company. Purchase Manual has been updated in accordance with CVC guidelines and put into practice. Deficiencies with regard to systems and procedures were pointed out for necessary remedial actions. The practice of opening of tenders in the presence of vendor representatives was introduced bringing out transparency in the organizational transactions. Vigilance Awareness Period was observed from 27.10.2014 to 1.11.2014 in a befitting manner. Vigilance clearance were given 286 employees as on 31.3.2015

RTI Act

The Company has implemented the provisions of the RTI Act 2005 and has nominated the following officials:

Public Information Officer	:	Shri. A.B. Kumar (Upto 31.3.2015) Senior Manager, Marketing Smt. R. Ushakumari (From 1.4.2015) Assistant Company Secretary
Assistant Public Information Officer	:	Smt. R. Usha Kumari (Upto 31.3.2015) Assistant Company Secretary

Appellate Authority : Shri. K. Selvaraj (Upto 31.3.2015)
General Manager Works
Shri. M. Ramesh (From 1.4.2015)
Deputy Manager Finance

All applications and first appeals received under RTI during the year 2014-15, have been addressed.

Particulars of Employees

Information as per Section 134 of the Companies Act 2013, read with Companies (Particulars of Employees) Rules 1975, and forming part of Directors' Report for the year ended 31st March 2015- Nil.

Directors

Shri S.Girish Kumar, MD, HMT (I) & CMD i/c, HMT, Bangalore continued to hold additional charge of CMD and Director Finance of HPF.

Audit Committee

As on 31.3.2015, the Audit Committee comprised of the following members:

Smt.Meera Saksena	:	Independent Director	:	Chairman
Shri. Manjit Kumar	:	Part Time Official Director	:	Member
Shri G.R.Sundaravadivel	:	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, 2015, 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. A. John Moris & Co., Chartered Accountants, Bangalore have been appointed by the Government of India as Auditors of the Company for the financial year 2014-15.

Corporate Governance

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, the following are annexed to this report:-

- The Management Discussion and Analysis Report
- A report on Corporate Governance
- The Certificate of the Auditors on Corporate Governance

Status before BIFR / AAIFR / Revival

The Company has been referred to BIFR in terms of the provisions of Sick Industrial Companies (Special provisions) Act, 1985 on 14.10.1995. The BIFR has confirmed its opinion for winding up the Company under Section 20(1) of the SICA vide order dated 30.1.2003. The Company's appeal to the AAIFR against the order of the BIFR was dismissed confirming the BIFR opinion for winding up of the Company. The Company has obtained a stay in the Madras High Court against the order of AAIFR in orders No: 21816 of 2005 dated 27.06.2005.

The case came up for hearing during October 2009 and the High Court of Madras granted eight weeks' time to report about the Revival status of the Company. The Revival proposal/Business Plan based on the report of consultants M./s.Ernst & Young was considered by DHI through an Inter Departmental Committee and recommended to the BRPSE for approval.

The BRPSE recommended release of ₹ 30 Crores towards Working Capital in February 2009 to meet pending orders. The amount was received during February 2010. The BRPSE finally recommended the Restructuring proposal of HPF favourably in its 5th meeting held on 5.3.2010 and advised DHI to obtain sanction of the Government at the earliest.

A CCEA note was circulated by DHI and the recommendations were put up to the Cabinet for consideration. The Cabinet Secretariat referred it to a Committee of Secretaries for their views. After review by the Committee of Secretaries, the proposal was recommended to the Cabinet for approval. The proposal stands as withdrawn in the Cabinet Meeting held on 23.8.2012.

In the meantime, at the BRPSE review meeting held during June 2013, BRPSE observed that the Revival Proposal of the Company is not viable and recommended enhanced VRS at 2007 notional to all the employees and refer the Company to the decision of the Court. Subsequently, the DHI has moved a proposal on the above to the CCEA for consideration. CCEA has recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional for all employees and directed to take further action for closure of the Company as per recommendation of BRPSE. VRS at 2007 Notional scale has been introduced in the Company from Jan 2015 and 286 employees have been relieved on VRS as on 31st Mar 2015

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

Industry Structure and Developments:

The Photographic Products Market in India is controlled by the Indian Front Companies (IFCs) of MNC giants like KODAK, FUJI, KONICA & AGFA, which are involved only in Conversion of Imported Coated wide stock of Photographic Products. Products of China Lucky Film Corporation too are available in the Market. HPF is the only Company having integrated manufacturing facility with Government investment of about ₹ 700 Crore.

Photographic Product Market in India is estimated to be about ₹ 1663 Crore including Colour Products with Annual Compounded Growth Rate of 10%. For the Black & White Products manufactured by HPF there is a market of about ₹ 412 Crore. With technological advancements, Digital Products have taken a Lion's Share in the Consumer Imaging Segment. But in the Health Sector the pace of Digitalization is not that steady resulting in continuous generation of demand for conventional Health Imaging Products where HPF had a strong & notable presence. HPF had a strong presence in the Government Sector requirement of ₹ 100 Crore. The Company played an important role in controlling the selling price

Presently 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. Based on the recommendation of BRPSE, CCEA has recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional for all employees and directed to take further action for closure of the Company. VRS at 2007 Notional scale has been introduced in the Company from Jan 2015. 286 employees have been relieved on VRS as on 31st Mar 2015

Internal Control Systems

The Company has an adequate system of Internal Control for safeguarding its assets. This is supplemented by periodical audits conducted by the Internal Auditors. M/s Karthikeyan & Jeyaram, Chartered Accountants have been appointed for Internal Audit Assignment for the year 2014-15. The Audit Committee regularly reviews the significant findings of the Internal Audit.

Discussion on Financial Performance with respect to Operational Performance

Operational Performance

The Company has been facing severe working capital shortage over the past many years and this has resulted in declining capacity utilization. During the year 2014-15 the Company was constrained to plan any operation due to non-availability of sources from all corners including lack of working capital, non-availability of electricity in Polyester X-Ray Plant which is the main source of production activities during previous years.

Financial Results

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 ₹ 55.51 Crore before interest and prior period adjustments.

Major portion of the accumulated losses comprise of accumulated interest and unabsorbed depreciation. The Networth of the Company remains negative on account of these factors.

Material developments in Human Resource/Industrial Relations

VRS at 2007 Notional has been introduced in the Company. 286 employees have been relieved on VRS as on 31.3.2015.

Future Prospects

The future prospect of the Company depends on the decision of the Government towards the Company.

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 31.3.2015, the composition of the Board was as follows:

Name of Director (S/Shri.)	Designation	Executive / Non-Executive	Category	No. of other directorships held	No. of Committee positions held in other companies
S.Girish Kumar	CMD & Dir (Fin)	Executive	Official	1	--
S.K.Goyal	Director	Non-Executive	Part time Govt. Director	1	2
Manjit Kumar	Director	Non-Executive	Part time Govt. Director	1	2
G.R.Sundaravadivel	Nominee Director	Non-Executive	Nominee Director (UTI AMC)	2	6
Meera Saxena I.A.S.(Retd)	Director	Non-Executive	Independent Director	-	-

- Shri Manjit kumar was appointed as Director w.e.f.4.8.2014 vice Shri S.K.Goyal, Director
- 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 2014-15, 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 18.6.2014, 28.8.2014, 11.12.2014 11.2.2015 & 17.3.2015	5	5	Yes
Manjit Kumar		5	4	No
S.K.Goyal		1	1	No
G.R.Sundaravadivel		5	4	No
Meera Saxena I.A.S.(Rtd)		5	4	No

c. Non-Executive Directors compensation and Disclosure:

The Whole Time Directors of the Company are appointed by the Government of India and are being paid remuneration as per the terms of their appointment. The Nominee Directors are being paid Sitting Fee of ₹ 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, focusing on strategy formulation, policy and control, reviewing performance of the Company, quarterly results, annual accounts, annual operating plans and 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 is prepared by the Company Secretary i/c / Assistant Company Secretary 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. The Code of Conduct is uploaded on the website of the Company 'www.hpf-india.com'. For the year ended 31.3.2015, 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 49 of 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. Shri. G.R. Sundaravadivel has the requisite financial expertise.
- Director (Finance) / Senior Manager (Finance) and Statutory Auditors were invited to attend the Audit Committee Meetings as and when required.
- The Company Secretary i/c/ Assistant Company Secretary acted as Secretary to the Committee

b. Meetings of the Audit Committee

During the year 2014-15, three 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
Meera Saxena	3 Meetings : held on 28.8.2014, 11.2.2015 & 17.3.2015	3	3
G.R.Sundaravadivel		3	2
Manjit Kumar		3	3

c. Powers of Audit Committee

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

d. Role of Audit Committee

Audit Committee is assigned role as specified under Clause 49

e. Review of information by Audit Committee

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

III. Shareholders' / Investors' grievance Committee

A Shareholders' / Investors' Grievance Committee comprising of all Non-executive Directors has been formed to resolve the grievances of the Shareholders / Investors. Company Secretary i/c was the Compliance Officer of the Committee. During the year, no complaints have been received from the Shareholders.

IV. Share Transfer Committee

The process of Share Transfer has been delegated to a Committee comprising of the CMD and two Officers of the Company. No Share transfers are pending as on date. As on 31.3.2015, about 90% of the Share

Capital was held by the President of India and only the remaining 10% was held by others. The only Share Transfer that have been taking place are those amongst the nominees of the President of India.

V. Subsidiary Companies

The Company does not have any subsidiaries

VI. 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
51st AGM	27-2-2013 1145 Hrs		Indunagar, Ootacamund
52 nd AGM	28.3.2014 1530 Hrs	---	Hotel GRT Grand, Chennai
31 st EGM	28.3.2014 1600 Hrs	1	
53 rd AGM	30.9.2014 1530 Hrs	---	HMT Bhavan, Bangalore

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

VII. Disclosures

a) Basis of Related party transactions - Nil

During the year 2014-15, 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 2014-15, 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.

⇒ During the year total sitting fees of ₹ 6300 was paid to two Independent Directors for attending Board / Audit Committee Meetings.

⇒ During their tenure, each Official Director and Director representing the DHI held 100 Equity Shares in the Company as Nominees of the President of India. Directors have also disclosed their Shareholding in other Companies.

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.

VIII) Means of Communication

The Company communicates with the Shareholders at large through its Annual Report as per the requirements of Clause 41 of the Listing Agreement, the quarterly results as approved by the Board of Directors are announced to the Stock Exchanges.

IX) General Shareholder information

- **AGM** : Hotel Alankar Grande
Coimbatore
- **Financial Calendar** : 1st Apr 2015 - 31st Mar 2016
 - Board Meeting to consider Annual Report for 2014-15 : June 2015
 - Submission of audited accounts to the C&AG of India : June 2015
 - Board Meeting for considering:
 - Financial results for First quarter : Oct 2015
 - Financial results for Second quarter : Dec 2015
 - Financial results for Third quarter : Feb 2016
- **Date of Book closure** : 7 days before AGM
- **Dividend payment date** : Not applicable as 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 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

- As per the directions of the Administrative Ministry 14, 96,100 Shares were transferred during the year 2013-14 to reach the 10 % minimum public shareholding in Govt. PSUs
- **Distribution of Shareholding as on 31.3.2015:**

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	
	206865000		100.00

- Dematerialization of shares and Liquidity : Securities not dematerialized
- Outstanding GDRs/ADRs/ Warrants or any convertible Instruments conversion date and likely impact on equity : Nil
- Statutory Defaults : The Company has not been imposed with any penalty / stricture by the Stock Exchange / SEBI, on any matter related to capital market during the past three year.
- **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 Assistant Company Secretary
Hindustan Photo Films Mfg. Co. Ltd.
Indunagar, Ootacamund - 643 005

X. 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, MD, HMT(I) & CMD i/c, 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 2015.
- The Company does not have any whistle blower policy as of now.

XI. Declaration of the Chairman-cum-Managing Director

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company . Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended 31st March 2015.

Date : 19.6.2015
Place: Chennai

S.GIRISH KUMAR
Chairman-cum-Managing Director



A.JOHN MORIS & CO
No.5 Lakshmipuram 1st Street
Deivasigamani Road, Royapettah,
Chennai 600014

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, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock Exchange(s).

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 A. John Moris & Co.
Chartered Accountants
F.R.No.007220 S

R.SANJEEVE NARAYANAN

Partner

M. No: 228915

Date: 19.6.2015
Place: Chennai

ADDENDUM TO DIRECTORS' REPORT

	AUDITORS' REPORT	COMPANY'S REPLY
i	Sl. No. 8 of Note 30, the secured "A" series Bonds and secured loans amount to ₹ 12295.66 Crore (including interest). Of this total amount only ₹ 503.11 Crore has been secured by fixed and current assets. The classification of the balance of ₹ 11792.54 Crore as "Secured" in our opinion is not correct.	Adequate disclosure has been made by way of footnote in Notes on Financial Statement for the year No.5.1,5.2 &6.1
ii	The confirmation certificates of balances of cash credit, letter of credit, bridge loans, DGP loan and term loan etc. as on 31.03.2015 have not been obtained. 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	Sl. No. 14 of Note 30 regarding nonpayment of insurance premium to cover the Company's assets against risks.	It was not possible to insure the assets due to the high expenditure and financial constraints. Efforts towards insurance of other assets would be made in due course.
iv	Sl. No. 16 of Note 30 regarding 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/or unused.	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 wherever possible since the disposal value is very low compared to the replacement cost.
v	Sl. No. 24 of Note 30 regarding non availability of information of outstanding, interest paid /payable/accrued/unpaid for disclosures under the Micro, Small and Medium Enterprises Development Act, 2006.	In spite of efforts by oral requests to Micro, Small and Medium Enterprises dealing with the Company, we were unable to get the relevant information in making suitable disclosures.
vi	Sl. No. 25 of Note 30 regarding the amount that may be payable consequent upon the suit filed by HPF Officers Association for wage revision which is pending in Supreme Court.	The current status of the case is yet to be known and its impact is not assessable at this stage. However Government of India has not sanctioned wage revision for sick industries yet.
vii	Confirmation of Balance for loans obtained from banks is not available in respect of all accounts.	The banks were requested to send confirmation of balances. The banks did not respond.
viii	In 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.
ix	During the year Company has not made provisions for debtors and for obsolete/non-moving stock.	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. Hence the Accounting Policy has been suitably modified.
x.	An amount of ₹ 8290.14 thousand, held as a House Building Advance granted to employees remains unreconciled and the accuracy of the figures could not be verified in the absence of information regarding the	A detailed study was carried out on the individual House building loans sanctioned, recoveries made and settlement. The outstanding loans of individual staff members on this account is arrived

	liabilities of the individual staff members on account of home loans availed by them.	and available. The reconciliation of accounting entries is to be made and this will be carried out to the extent possible.
xi.	Sl. No. 13(c) of Note 30 of Notes on accounts regarding the provision for leave encashment. The Company has made provision for Leave encashment on the basis of the Company's own estimation and the same was not certified by actuarial valuation.	The cost of getting actuarial valuation is high and the Company could not bear it. For complying with the guidelines pro rata provision has been made on estimation.
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:		The Accounts of the Company have been prepared on a "GOING CONCERN BASIS" .
xii.	The company has incurred a net loss of ₹ 2162.77 Crore and a cash loss of ₹2131.35 Crore in the current year.	Even though the Company has incurred a high net loss the actual operating cash loss is much lower at around ₹ 55.51 Crores and only pertains to sustaining expenses.
xiii.	The accumulated losses as on 31.03.2015 stand at ₹ 15113.94 Crore as against the net owned shareholders' funds of ₹ 206.87 Crore.	The accumulated loss include more than ₹ 11545 Crores of accrued interest and ₹ 593 Crores of accrued unabsorbed depreciation
xiv.	The Net worth has been fully eroded and the Company has been consistently making significant losses for the past several years	It is a matter of fact
xv.	<p>The Company has been referred to BIFR in terms of the provisions of Sick Industrial Companies (Special provisions) Act, 1985 on 14.10.1995. The BIFR has confirmed its opinion for winding up the Company under Section 20(1) of the SICA vide order dated 30.1.2003. The Company's appeal to the AAIFR against the order of the BIFR was dismissed confirming the BIFR opinion for winding up of the Company. The Company has obtained a stay in the Madras High Court against the order of AAIFR in orders No: 21816 of 2005 dated 27.06.2005.</p> <p>The case came up for hearing during October 2009 and the High Court of Madras granted eight weeks' time to report about the Revival status of the company. The Revival proposal/Business Plan based on the report of consultants M/s. Ernst & Young was considered by DHI through an Inter Departmental Committee and recommended to the BRPSE for approval. The BRPSE recommended release of Rs.30 Crores towards Working Capital in February 2010 to meet pending orders and the amount was received in the same month. The BRPSE finally recommended the Restructuring proposal of HPF favourably in its 5th meeting held on 5.3.2010. The BRPSE advised DHI to obtain sanction of the Government at the earliest.</p> <p>A CCEA note was circulated by DHI and the recommendations were put-up to the Cabinet for consideration. The Cabinet Secretariat referred it to a Committee of Secretaries for their views. After review</p>	<p>Eventhough the BIFR had passed orders recommending winding up of the company, the company had maintained minimum operations out of available funds till Apr 2013.</p> <p>Further the status of the Company reported by the Auditors is a mater of fact.</p>

	<p>by the Committee of Secretaries in two meetings the proposal was recommended to the Cabinet for approval. The proposal was put-up to the Cabinet and taken up at the CCEA meeting held on 23.08.2012. The proposal was discussed and stands withdrawn. The Company awaited approval of the Cabinet for the Restructuring Proposal.</p> <p>In the meantime, at the BRPSE review meeting held during June 2013, BRPSE observed that the Revival Proposal of the Company is not viable and recommended enhanced VRS at 2007 notional to all the employees and refer the Company to the decision of the Court. Subsequently, the DHI has moved a proposal on the above to the CCEA for consideration. CCEA has recommended the proposal and allotted a sum of ₹ 181.54 Crores towards implementation of VRS at 2007 notional for all employees and directed to take further action for closure of the Company as per recommendation of BRPSE.</p> <p>Voluntary Retirement scheme has been introduced in the Company from the month of January 2015 and the benefits are determined at 2007 notional scale pay and 286 employees have been relieved on VRS as on 31st Mar 2015</p>	
xvi.	The company's Current Liabilities have exceeded its Current Assets by ₹ 14754.29 Crores.	The current liabilities mainly consist of short-term borrowing, trade payables, various demands raised on the Company, interest accrued on dues etc. and provisions made for such dues. Government direction on the settlement of these liabilities is awaited.
xvii.	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 decision of the Government is awaited.
xviii.	The Company's key financial ratios are quite adverse and there are consistently substantial negative cash flows from operations	It is a matter of fact.
xix.	The viability of the Company appears to be doubtful as the Company at current product mix and production level is not in a position to recover even the variable cost in respect of products manufactured by it.	The Government has directed to implement VRS at 2007 Notional scale to all the employees of the company and take necessary action towards closure of the Company.

<p>In our opinion and to the best of our information and according to the explanations given to us, 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 of the state of affairs of the Company as at 31st March 2015 and its Loss and its Cash Flows for the year ended on that date:</p>	<p>The Company has been maintaining continued existence with the available funds and financial support received from the Govt.</p> <p>Hence the financial statements have to be viewed as reflecting the true and fair view of the Company as on date.</p>
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**For and on behalf of the
Board of Directors**

**S.GIRISH KUMAR
Chairman-cum-Managing Director**

BALANCE SHEET AS AT 31st MARCH, 2015.

(₹. IN THOUSAND)

	Note	As on 31/03/2015	As on 31/03/2014
<u>EQUITY AND LIABILITIES</u>			
Share Holders Funds:			
Share Capital	2	20,68,650	20,68,650
Reserves and Surplus	3	(15,09,18,281)	(12,92,90,611)
Share Application Money pending allotment:	4	-	-
Non-Current Liabilities:			
Long Term Borrowings	5	23,75,203	23,75,203
Current Liabilities:			
Short Term Borrowings	6	10,16,34,036	8,67,10,745
Trade Payables	7	2,05,979	1,98,714
Other Current Liabilities	8	4,65,56,432	3,96,74,453
Short Term Provisions	9	68,744	68,744
TOTAL		19,90,763	18,05,898
<u>ASSETS</u>			
Non-Current Assets:			
Fixed Assets	10		
Tangible Assets		10,57,482	13,71,613
Intangible Assets		-	-
Non-Current Investments	11	6	6
Long-Term Loans and Advances	12	10,990	12,490
Current Assets:			
Inventories	13	74,840	76,305
Trade Receivables	14	51,704	52,501
Cash and Bank Balances	15	4,97,524	33,873
Short-Term Loans and Advances	16	2,91,269	2,58,764
Other Current Assets	17	6,948	346
TOTAL		19,90,763	18,05,898
Notes on Financial Statements	1 to 30		
Accounting Policies	31		

R.USHA KUMARI

Asst. Company Secretary

M. RAMESH

Deputy Manager Finance/
Unit Head

S.GIRISH KUMAR

Director Finance &
Chairman cum Managing Director

MANJIT KUMAR

Director

Vide our Report of even date attached,

For A.JOHN MORIS & CO.,

Chartered Accountants.

Firm Registration Number: 007220 S

Place : Chennai

Date : 19.6.2015

R.SANJEEVE NARAYANAN

Partner

M. No: 228915

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2015

(₹. IN THOUSAND)

	Note	31/03/2015	31/03/2014
<u>INCOME</u>			
Revenue from Operations	18	-14	11,073
Other Income	19	15,988	4,365
Total Revenue		15,974	15,438
<u>EXPENDITURE</u>			
Cost of Material Consumed	20	177	1,480
Purchase of Stock in Trade	21	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	22	1,346	10,977
Employee Benefit Expense	23	1,45,503	1,45,123
Finance Costs	24	2,07,58,451	1,77,23,816
Depreciation and Amortization Expense	25	3,14,131	3,14,131
Other Expense	26	15,451	23,427
Total Expenses		2,12,35,059	1,82,18,954
Loss before Extraordinary Items		(2,12,19,085)	(1,82,03,516)
Extraordinary Items	27	4,08,585	1,301
Loss for the year		(2,16,27,670)	(1,82,04,817)
Add (-)/Less (+) Prior Period Adjustment (net)	28	-	590
Net Loss carried over to Balance sheet		(2,16,27,670)	(1,82,04,227)
Basic and Diluted Earning per Share of Face value of ₹ .10.00 each.	29	(105)	(88)
Notes on Financial Statements	1 to 30		
Accounting Policies	31		

R.USHA KUMARI

Asst. Company Secretary

M. RAMESH

Deputy Manager Finance/
Unit Head

S.GIRISH KUMAR

Director Finance &
Chairman cum Managing Director

MANJIT KUMAR

Director

Vide our Report of even date attached,

For A.JOHN MORIS & CO.,

Chartered Accountants.

Firm Registration Number: 007220 S

Place : Chennai

Date : 19th June 2015

R.SANJEEVE NARAYANAN

Partner

M. No: 228915

Notes on Financial Statements for the year ended 31st March, 2015

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.

The Company is engaged in the manufacture and sale of Photo sensitive film products like Medical X-RAY, Industrial X-RAY, Graphic Arts, Cine Positive (B & W), Cine Sound Negative, Aerial, Photographic Printing Paper (B & W), Processing Chemicals etc.. catering to the needs of Health Care, Infrastructure, Media and Defence.

The Operations of the Company is concentrated at the Head Office in Udthagamandalam, Nilgiris District, and Ambattur-Chennai of Tamilnadu.

(₹. In THOUSAND)

	As at 31st March, 2015		As at 31st March, 2014	
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>
2 SHARE CAPITAL				
Authorised :				
Equity shares of Rs.10/- each	21,00,00,000	21,00,000	21,00,00,000	21,00,000
Issued, subscribed and fully paid up				
Equity shares of Rs.10/- each				
20,68,65,000 Shares of ₹ .10/- each fully paid up	20,68,65,000	20,68,650	20,68,65,000	20,68,650
(20,68,65,000 Issued, Subscribed and Paid up includes 2,05,00,000 Shares Issued by Converting Govt. of India Loans into Fully paid up Equity)				
Total	20,68,65,000	20,68,650	20,68,65,000	20,68,650

2.1 Particulars of Shareholders holding more than 5% share in the Company

Name of the Share Holder	As at 31st March, 2015		As at 31st March, 2014	
	<u>% Held</u>	<u>No. of Shares</u>	<u>% Held</u>	<u>No. of Shares</u>
Government of India	90.00	18,61,78,500	90.24	18,66,74,600
GIC and it's Subsidiaries	9.28	1,91,87,800	9.28	1,91,87,800

2.2 The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2015 and 31st March, 2014 is set out below.

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>
Balance at the beginning of the year	20,68,65,000	20,68,650	20,58,65,000	20,58,650
Add: Shares issued during the year			10,00,000	10,000
Balance at the close of the year	20,68,65,000	20,68,650	20,68,65,000	20,68,650

	As at 31st March, 2015	As at 31st March, 2014
3 RESERVES & SURPLUS		
Capital Reserve	-	-
Export Profit Reserve	11	11
Bond Redemption Reserve	2,21,121	2,21,121
As per the end of the reporting period	2,21,132	2,21,132
Surplus i.e. balance in Statement of Profit & Loss		
As per beginning of reporting period	(12,95,11,743)	(11,13,07,516)
Add: Transferred from Profit and Loss Account	(2,16,27,670)	(1,82,04,227)
As per the end of the reporting period	(15,11,39,413)	(12,95,11,743)
Closing Balance	(15,09,18,281)	(12,92,90,611)
Reserves includes Capital Reserve of ₹. 1.00 towards Land transferred / leased to the Company at free of cost has been taken at a Nominal value of ₹. 1.00 with a corresponding Capital reserve of ₹. 1.00		
4 SHARE APPLICATION PENDING ALLOTTMENT		
Amount sanctioned/received towards Equity Shares pending allotment.	-	-
Closing Balance	-	-
5 LONG TERM BORROWINGS		
<u>Secured Loans</u>		
HPF Bonds [Refer Note 30 (9)]		
12,11,103 (Previous year 12,11,103) - 13% Secured redeemable non- convertible HPF Bond 'A' Series of ₹. 1,000 each	12,11,103	12,11,103
UTI Funded Interest Loan	85,398	85,398
Bridge Loan - from Banks (Refer 5.1)		
State Bank of India	6,66,040	6,66,040
Indian Overseas Bank	49,400	49,400
State Bank of Travancore	38,720	38,720
Indian Bank	15,497	15,497
DPG Loan - from State Bank of India (Refer 5.2)	1,91,425	1,91,425
<u>Unsecured Loans</u>		
Term Loans		
Canara Bank	8,648	8,648
State Bank of India	1,08,972	1,08,972
Total	23,75,203	23,75,203
5.1	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 POLYSTER X-RAY PLANT.	
5.2	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.	
6 SHORT TERM BORROWINGS		
<u>Secured</u>		
Cash Credit - from Banks (Refer 6.1)		
State Bank of India	13,70,815	13,70,815

Interest accrued and due	5,06,94,524	5,20,65,339	4,27,11,260	4,40,82,075
Indian Overseas Bank	2,39,464		2,39,464	
Interest accrued and due	87,58,678	89,98,142	74,18,529	76,57,993
Syndicate Bank	1,04,703		1,04,703	
Interest accrued and due	48,44,479	49,49,182	40,71,822	41,76,525
State Bank of Patiala	99,129		99,129	
Interest accrued and due	36,73,615	37,72,744	31,53,236	32,52,365
State Bank of Travancore	2,01,177		2,01,177	
Interest accrued and due	52,10,843	54,12,020	44,04,798	46,05,975
Indian Bank	20,085		20,085	
Interest accrued and due	3,46,393	3,66,478	2,89,179	3,09,264
Canara Bank	35,892		35,892	
Interest accrued and due	19,85,979	20,21,871	16,35,076	16,70,968
SBI Indunagar				
Total - (A)		7,75,85,776		6,57,55,165
Letter of Credit				
Canara Bank	28,036		28,036	
Interest accrued and due	15,85,729	16,13,765	13,05,654	13,33,690
Indian Bank	15,556		15,556	
Interest accrued and due	7,99,692	8,15,248	6,72,417	6,87,973
Citi Bank	36,302		36,302	
Interest accrued and due	3,41,258	3,77,560	2,85,026	3,21,328
Total - (B)		28,06,573		23,42,991
Unsecured				
Government of India	48,76,072		38,50,772	
Interest accrued and due on Govt. Loans	1,16,11,299	1,64,87,371	1,05,53,302	1,44,04,074
Total - (C)		1,64,87,371		1,44,04,074
Term Loans				
From Others – Inter-corporate loans	3,60,700		3,60,700	
Interest accrued and due	43,93,616	47,54,316	38,47,815	42,08,515
Total - (D)		47,54,316		42,08,515
TOTAL (A) + (B) + (C) + (D)		10,16,34,036		8,67,10,745

6.1 Cash Credit and Letter of Credit are Secured by Hypothecation of Raw Material, Finished Goods Work in Progress, Stores and Spares and Book Debts etc.

7 TRADE PAYABLES				
SSI Units			-	-
Others (Micro and Medium Enterprises not Ascertainable).			2,05,979	1,98,714
Total			2,05,979	1,98,714
8 OTHER CURRENT LIABILITIES				
Trustees of Employees Contributory Provident Fund			35,742	20,925
Advances from Customers			6,661	6,661
Unpaid HPF Bonds 'A' Series/ Fixed Deposit with Interest *			3,596	3,596
Other Liabilities #			8,88,972	7,88,222
Indian Bank OD			-	-

Interest accrued but not due on GOI Loans	48,895	22,862
Interest accrued and due on long term borrowings (Refer 8.1)	4,55,72,566	3,88,32,187
Total	4,65,56,432	3,96,74,453

* Unpaid HPF bond and interest represents amount of redeemed bonds and accrued interest on these bonds which remains unclaimed / unpaid till date.

includes statutory dues and security deposit

8.1 The details of interest accrued and due on Long Term Borrowing is as under		
HPF Bonds& UTI Funds	44,45,436	42,10,493
Bridge Loan	2,92,38,702	2,46,49,059
DPG Loan	70,00,021	58,68,102
Term Loan		
Canara Bank	7,96,963	6,57,146
State Bank of India	40,91,444	34,47,387
Total	4,55,72,566	3,88,32,187
9 SHORT TERM PROVISIONS		
Leave Encashment	55,840	55,840
Bonus	-	-
Other Employee Benefits **	12,904	12,904
Total	68,744	68,744

** Being the amount utilised for paying the statutory dues viz. PF contribution, Gratuity and others out of National Relief Fund (NRF) which shall be recovered from the Company on its turnaround or liquidation as per the condition in the Government of India order sanctioning NRF.

10 FIXED ASSETS (Annexure-1 to Note No: 10 to be inserted here)		
11 NON-CURRENT INVESTMENTS		
Long Term Investments		
Long Term Non-Trade 600 Shares of Hindustan Photo Films Employees Co-Operation Stores @ ₹. 10/- each.	6	6
Total	6	6
12 LONG TERM LOANS AND ADVANCES		
<u>Secured</u>		
Loan to Employees	8,290	8,290
<u>Unsecured and considered good</u>		
Tax Deducted at Source	2,700	4,200
TOTAL	10,990	12,490
Due from Directors	-	-

Due from Officers of the Company			-	-
Due from firms in which any Director is a partner			-	-
Due from Private Companies in which any Director is a Director or Member			-	-

13 INVENTORIES *

Stores and Spares etc.				
Including Goods in Transit of ₹. (Previous Year ₹. "Nil")	56,574		56,594	
Less: Provision for Obsolete / Surplus Items.	41,517	15,057	41,517	15,077
Loose Tools		5		7
Raw Materials				
Including Goods in Transit of ₹. (Previous Year ₹. "Nil")	70,828		70,828	
Less: Provision for Obsolete / Surplus Items.	25,329	45,499	25,329	45,499
Re-Claimable Scrap Materials		3,553		3,651
Finished Goods and Stock in Trade				
Including Goods in Transit of ₹. (Previous Year ₹. "Nil")	321		444	
Less: Provision for Obsolete / Surplus Items.	-	321	-	444
Stock in Progress		10,405		11,627
Total		74,840		76,305

* Amounts as per valued, verified and certified by the Management.

14 TRADE RECEIVABLES

Unsecured

Trade receivables

Considered Good		51,480		52,277
Considered Doubtful	89,388		89,388	
Less: Provision	89,388		89,388	

Other Receivable

Considered Good		224		224
Considered Doubtful	155		155	
Less: Provision	155		155	

Total **51,704** **52,501**

Age wise analysis:

Over six months		51,547		52,344
Others		157		157
Total		51,704		52,501

15 CASH AND BANK BALANCES

Cash, Cheques and Stamps on hand		160		85
----------------------------------	--	-----	--	----

Balance with Banks *	45,347	3,261
Fixed Deposit with Banks #	4,52,017	30,527
Total	4,97,524	33,873

*Balance with Bank includes unclaimed warrant account of ₹. 6 Thousand
(Previous year ₹. 6 thousand)

16 SHORT TERM LOANS AND ADVANCES

Unsecured

Claims recoverable

Considered Good	336	337
Considered Doubtful	2,55,652	2,55,651
LESS : Provision	2,55,652	2,55,651
<u>Others</u>		
Considered Good	2,79,640	2,46,583
Considered Doubtful	2,801	2,801
LESS : Provision	2,801	2,801
Balance with Customs, Port Trust and Excise Authorities	45	45
Prepaid Expenses	135	381
Deposits	11,113	11,418
Total	2,91,269	2,58,764

17 OTHER CURRENT ASSETS

Interest Accrued on Deposits	6,948	346
Total	6,948	346

18 REVENUE FROM OPERATION

Sales less Return	54	12,487
Less: Excise duty/CVD	68	1,414
Total	-14	11,073

19 OTHER INCOME

Income on Job work	102	102
Other Sundry Receipts	1,816	2,214
Township Rent Receipts		

	934		839
Credit balance no longer payable	-		-
Interest Receipts	13,136		1,209
Electricity Tax Refund	-		1
	15,988		4,365

20	COST OF MATERIAL CONSUMED		
	Raw Materials Consumed		
Opening Stock	70,828		71,010
Add: Purchase	752	71,580	188
			71,198
Less: Closing Stock		70,828	70,828
		752	370
Less/Add: (Increase) / Decrease in Stock of reclaimable scrap		97	938
		849	1,308
Stores and Spare parts consumed		<u>(-)672</u>	<u>172</u>
Total		177	1,480

21	PURCHASE OF STOCK IN TRADE		
Opening Stock	-		-
Purchases	-		-
Less: Closing Stock	-		-
Total		-	-

22	CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROGRESS AND STOCK IN TRADE.		
	Opening Stock		
Finished Goods	445		1,485
Stock in Progress	11,627		21,564
		12,072	23,049
Closing Stock			
Finished Goods	321		445
Stock in Progress	10,405		11,627
		10,726	12,072
Total		1,346	10,977

23	EMPLOYEE BENEFIT EXPENSES			
	Salaries, Wages, Bonus etc.,		1,30,844	1,27,050
	Contribution to Provident Fund		9,418	9,918
	Contribution to Group Insurance Scheme		548	249
	Staff Welfare Expenses		4,693	7,906
			1,45,503	1,45,123
	Less: Transferred to R&D Expenditure		-	-
	Total		1,45,503	1,45,123
24	FINANCE COST			
	Government Loans		10,84,030	10,28,637
	Bank Borrowings and Others		1,96,74,421	1,66,95,179
	Total		2,07,58,451	1,77,23,816
25	DEPRECIATION AND AMORTISATION EXPENSES			
	Buildings		6,938	6,938
	Machinery		2,97,021	2,97,021
	Others		10,171	10,171
	Total		3,14,131	3,14,131
26	OTHER EXPENSES			
	Power and Fuel		5,004	5,862
	Repairs and Maintenance			
	Buildings	708		72
	Machinery	827		806
	Others	1,624	3,159	2,835
	Rent		3	1,836
	Lease Rent- Project Land		1,193	1,193
	Insurance		14	-
	Rates and Taxes		842	989
	Travelling and Conveyance Expenses *		1,052	1,533
	Administration and Office Expenses		533	656
	Auditor's Remuneration (Refer S. No: 26.1)		89	88
	Directors Sitting Fee		6	9
	Exchange Fluctuation		2,511	6,202
	Miscellaneous Expenses **		1,041	1,088
	Advertisement and Publicity		-	37

Selling Expenses	4	221
	15,451	23,427
LESS : Expenses Transferred to R&D	-	-
	15,451	23,427
R & D Expenditure	-	-
Total	15,451	23,427

*Including Director Expenses of ₹. 93 thousand (Previous Year ₹. 112Thousand)

** Including Tax Audit fee of ₹ 11 thousand (previous year ₹ 11 Thousand)

26.1 AUDITOR'S REMUNERATION

For Statutory Audit (Including Service Tax)	68	67
For Others (it includes Travelling and Out of Pocket Expenses)	21	21
Total	89	88

27 EXTRAORDINARY ITEMS

VRS Payments	4,08,585	1,301
Total	4,08,585	1,301

28 PRIOR PERIOD ADJUSTMENTS

Interest	-	-
Other cost	-	590
Total	-	590

29 EARNINGS PER SHARE:

Net Profit / (Loss) After Tax	(2,16,27,670)	(1,82,04,227)
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 Earning Per Share (in Rs.)	(-)105	(-)88

30. Notes on Financial Statement for the year ended 31st March 2015

1. Contingent Liabilities

i. Demands against the Company not acknowledged as debts since the same are Under appeal.
Municipal Tax for prior years ₹ 5.34 Lakh (Previous Year ₹ 5.34 Lakh)

ii. Others:

		₹ in lakh
a) Sales tax on silver purchase from Govt. of India Mint	297.46	(Previous year 297.46)
b) Claim by Kanj Biheri Sangli stockiest not acknowledged as Debt	160.49	(Previous year 160.49)
c) OD Interest - Govt. Mint	1987.82	(Previous year 1819.41)
d) OD Interest - Hindustan Zinc	3298.29	(Previous year 3154.31)
Total	5744.06	(Previous year 5431.67)

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 ₹ 437.24 Crore and interest accrued of ₹ 11858.41 Crore amounting to ₹ 12295.65 Crore has been secured to the extent of ₹ 503.11 Crore consisting of fixed assets ₹ 486.85 Crore (based on 1997 market valuation) and current assets of ₹ 62.41 Crore as on 31.3.2015.

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 2015. No redemption was made in the recent past .

10. Extraordinary items represents compensation and other related payments under Voluntary Retirement Scheme.

11. The Company has been referred to BIFR in terms of the provisions of Sick Industrial Companies (Special provisions) Act, 1985 on 14.10.1995. The BIFR has confirmed its opinion for winding up the Company under Section 20(1) of the SICA vide order dated 30.1.2003. The Company's appeal to the AAIFR against the order of the BIFR was dismissed confirming the BIFR opinion for winding up of the Company. The Company has obtained a stay in the Madras High Court against the order of AAIFR in orders No: 21816 of 2005 dated 27.06.2005.

The case came up for hearing during October 2009 and the High Court of Madras granted eight weeks' time to report about the Revival status of the company. The Revival proposal/Business Plan based on the report of consultants M/s. Ernst & Young was considered by DHI through an Inter Departmental Committee and recommended to the BRPSE for approval. The BRPSE recommended release of ₹ 30 Crores towards Working Capital in February 2009 to meet pending orders. The amount was received during February 2010. The BRPSE finally recommended the Restructuring proposal of HPF favourably in its 5th meeting held on 5.3.2010. The BRPSE advised DHI to obtain sanction of the Government at the earliest.

A CCEA note was circulated by DHI and the recommendations were put-up to the Cabinet for consideration. The Cabinet Secretariat referred it to a Committee of Secretaries for their views. After review by the Committee of Secretaries in two meetings the proposal was recommended to the Cabinet for approval. The proposal was put-up to the Cabinet and taken up at the CCEA meeting held on 23.08.2012. The proposal was discussed and stands withdrawn.

In the meantime, at the BRPSE review meeting held during June 2013, BRPSE observed that the Revival Proposal of the Company is not viable and recommended enhanced VRS at 2007 notional to all the employees and refer the Company to the decision of the Court. Subsequently, the DHI has moved a proposal on the above to the CCEA for consideration. CCEA has recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional for all employees and directed to take further action for closure of the Company as per recommendation of BRPSE.

VRS at 2007 Notional scale has been introduced in the Company from Jan 2015. 286 employees have been relieved on VRS as on 31st Mar 2015 .

12. The petition filed by Maruti Udyog Ltd., in Madras High Court against the Company under Sec 433(e) & (f) of The Companies Act, 1956 has been suspended by the High Court because the Company has been referred to BIFR.

13. Employee benefits: Gratuity liabilities of the company are provided on the basis of Actuarial Valuation done by LIC of India as per AS 15 revised.

a) Gratuity: The desired level of the fund for the LIC Group Gratuity Policy of the Company as at 31st March 2015 as per actuarial valuation works out to ₹ 744.01 Lakh (Previous year ₹ 1148.27 Lakh). The fund available as on 31.3.2015 with LIC is ₹ 927.70 Lakh (Previous year ₹ 1433.89 Lakh). Provision of AS15(R) has been complied.

Actuarial assumptions:

Valuation method	Project Unit Credit Method
Mortality table	LIC (1994-96) Ultimate
Discount rate (per annum)	8%
Rate of escalation in salary (per annum)	8%
Withdrawal rate	1% to 3% depending on age

b) The amount due to HPF ECPF Trust as on 31.3.2015 is ₹ 357.42 Lakh (Previous year ₹ 209.25 Lakh). A sum of ₹ 215.80 Lakh (Previous year ₹ 1074.00 Lakh) was paid to the Trust.

c) During the year the Actuarial valuation for Leave encashment on separation was not done due to the cost involved and difficulty in getting it done. Presently, there is sufficient provision for Leave encashment liability

14. The annual Insurance Premium on major fixed assets could not be paid and consequently the major assets remained uncovered against risks. However running vehicles have been covered by 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 ₹ 6.09 Lakh (Previous year ₹ 7.11 Lakh) being the book value of certain Plant and Machinery included in the fixed assets which are no longer required and kept for disposal for which realizable value is not determinable.

b) Steels, valves and pipe fittings value of which is ₹ 20.44 Lakh (Previous year ₹ 20.44 Lakh) relating to Polyester Plant, were identified as surplus and held for disposal. The realizable value is not yet determinable.

Accordingly the loss if any which may arise on disposal cannot be assessed at this stage and hence not considered in the accounts.

17. Photographic goods manufacturing being the only main segment and there being no other reportable segments, there is no segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
18. a) For Current Tax: The Company is not liable for payment of Income tax for Current Year considering the current year and carried forward losses and allowances available for setoff and hence no provision is made for current year tax.
b) In view of the losses incurred by the Company and the rehabilitation program pending before the Central Govt., deferred tax liability as per Accounting Standard 22 issued by Institute of Chartered Accountants of India has not been considered.
19. Income tax deducted at source (TDS) and related interest provided in the Books of Accounts in respect of inter-corporate loans from NMDC, KIOCL, BEL, PHL aggregate of ₹ 1186.47 Lakh and ₹ 546.10 Lakh respectively, have been reversed during the year 2001 - 02 consequent to revision order u/s 154 of the Income Tax Act 1961 dt. 28.11.2001 for the assessment year 1994-95. In respect of loan from Maruti Udyog Ltd., as no TDS was accounted during the assessment year 1994-95 and as there was no rectification order for the same for the subsequent years, the TDS deductible in respect of MUL is retained in the Books of Accounts.
20. As part of the incentive package for Revival of HPF the Government of Tamilnadu has waived the accumulated Forest Lease Rent upto 31.03.2010 amounting to 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 for the years 2000-01 to 2013-14 was not insisted on and has been reversed.
21. The company had initiated proceedings before the Estate Officer on recovery of outstanding License fees from Hotel Siddarth Nilgiris (HSN), for occupying the Guest House from 1998 to 2004. The proceedings was completed and order passed by Estate officer in favour of the company that HSN is directed to pay the outstanding license fee amounting to Rs.56.50 lakhs within 3 months of the order. HSN has filed an appeal against the order.
22. Disclosure on related party transactions as per Accounting Standard 18 issued by Institute of Chartered Accountants of India
- | | |
|---|--|
| (i) Key Management Personnel | Shri S.Girish Kumar
Director Finance &
Chairman cum Managing Director
(Addl. Charge)

Shri K.Ganesan
Chief Vigilance Officer
(Addl. Charge) |
| (ii) Details of transactions with Key Management Personnel Remuneration | - ₹ NIL (Previous Year ₹ NIL) |
23. The names of the Small Scale Industrial Undertakings to whom the Company owes a sum which is outstanding for more than 30 days: NIL
24. a. 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 principal and interest respectively is not ascertainable in the absence of relevant information.
b. The amount paid towards interest during the year is not ascertainable in the absence of relevant information.

- c. The amount payable towards interest during the year is not ascertainable in the absence of relevant information.
- d. The amount of interest accrued and unpaid at the end of the accounting year 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 ₹27.09 Crores (Previous year ₹ 23.74 Crores) paid to the employees of the company. This represents the advance recoverable from the employees who are continuing in service as on 31.3.2015.
27. The company has been sick for many years with capacity utilization below 5%. The company is unable to assess the loss due to impairment of fixed assets in view of the high cost involved for such an exercise. Hence loss due to impairment of assets has not been assessed as per AS-28.
28. a. The details with respect to provision as per AS-29 is as follows: (₹ In Lakh)

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

- b. Consequent to the change in Accounting Policy, the Company has not made provision for Bad & Doubtful debts and for obsolete items for the current year.
29. Prior period adjustments of ₹ Nil (Net Debit) [previous Year ₹ 5.90 lakh (Net Debit) are expenses / income which arise / identified in the current period pertaining to Financial Statements prepared in earlier years.

30. Notes on Financial Statement for the year ended 31st March 2015 (Continued)

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

Capacity and Production:

S. No.	Class of Goods	2014-15			2013-14		
		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	0.0008
6	Processing Chemicals – Tonnes	NA	400	0.000	NA	400	0.183
7	Silver Nitrate – Tonnes	90@	120	0.000	90@	120	0.000
8	Magnetic Tape – MRM	1500	550	0.000	1500	550	0.000

NA Not Applicable

* Revised as per re-endorsed license

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

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

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

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

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

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

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

30. Notes on Financial Statement for the year ended 31st March 2015 (Continued)

30 (b) RAW MATERIALS CONSUMED

VALUE : ₹ In. Lakh

	UNIT	2014-15		2013-14	
		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		4.04
TOTAL			0.00		4.04

30. Notes on Financial Statement for the year ended 31st March 2015 (Continued)

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 31-03-2015				YEAR ENDED 31-03-2014			
	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	0.01	1.93	0.00	0.00	0.01	1.93
Gr. Arts : Produced	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03
Incl X-Ray-Produced	0.00	0.00	0.00	0.00	0.07	105.96	0.00	1.19
Magnetic Tape : Produced	0.00	0.00	0.00	0.00	0.00	0.51	0.00	0.00
Chemical Produced (in Tons)	0.288	0.54	0.00	0.00	8.731	17.49	0.00	0.00
Misc : Produced	0.00	0.90	0.00	1.28	103.00	0.90	0.00	1.29
TOTAL		0.54		3.21		124.86		4.44

30. Notes on Financial Statement for the year ended 31st March 2015 (Continued)

30 (d) Information regarding Remuneration

(₹ in Lakh)

	2014-15	2013-14
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)

	2014-15	2013-14
i.		
Raw Materials	---	---
Components and Spare Parts	---	---
Capital Goods	---	---
ii. Value of Raw Materials, Stores and Spare Parts Consumed		

	2014-15		2013-14	
	₹ in Lakh	Percentage of Consumption	₹ in Lakh	Percentage of Consumption
Raw Materials				
- Imported	0.00	0.00	0.00	0.00
- Indigenous	7.52	100.00	4.04	100.00
Stores and Spare Parts				
- Imported	0.00	0.00	0.09	5.24
- Indigenous	0.00	0.00	1.63	94.76

(Rs. in Lakh)

	2014-15	2013-14
iii. Expenditure in Foreign Currencies (Cash Basis)	---	---
iv. Earnings in Foreign Exchange Export of Goods (FOB)	---	---

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

32. 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, 2013 Depreciation is charged on pro-rata basis in respect of additions.
- ii. Asset costing less than ₹5000/- are depreciated at 100%.
- iii. Extra shift depreciation is charged on different departments / units working extra shifts in respect of old plant and on single shift basis on polyester plant.

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. The company contributed an amount equal to the premium for the policy taken with Life Insurance Corporation, to the Gratuity Trust for onward payment to the Life Insurance Corporation. The Company has taken a policy with LIC of India to cover the Gratuity liability.
- ii. Leave Encashment benefit on retirement of employees is accounted on company's own estimation and the same has not been approved by actuarial Valuation , as per Accounting Standard (AS.15) prescribed by the Institute of Chartered Accountants of India.
- 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 :

The Company recognizes the liability towards revision or raise in the pay and allowance of its employees in the year in which the government approves the same or notifies to the company.

13. PRIOR PERIOD ITEM:

Expenditure / Income pertaining to prior year(s) is classified as prior period item, only in case where the amount exceeds ₹ 1,00,000/-.

14. EXCISE DUTY:

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

15. REVENUE RECOGNITION:

- i. 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. Revenue is recognized in respect of rendering of services provided no significant uncertainty exists regarding the collectability of consideration that would be derived.

- iii. 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. The sales value includes discount and commissions based on the total realization value. The discount and commissions are booked as expenditures separately.

R.USHAKUMARI
Asst Company Secretary

M. RAMESH
Deputy Manager Finance/ Unit Head

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

MANJIT KUMAR
Director

Vide our report of even date attached
For **A.JOHN MORIS & COMPANY,**
Chartered Accountants
FRN: 007220 S

Place: Chennai

Date : 19.6.2015

R. SANJEEVE NARAYANAN
Partner,
M.No: 228915

HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED,
INDUNAGAR, UDHAGAMANDALAM, TAMIL NADU - 643 005
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(₹. IN THOUSAND)

Particulars	As on 31/03/2015	As on 31/03/2014
I Operating Activities:		
Net Profit / (Loss) before Tax and After Extra Ordinary Items and Prior Period Items	(-)2,16,27,670	(-)1,82,04,227
Add: Non Operative and Non Cash Items Debited to Profit & Loss A/c.		
Depreciation and Amortisation	3,14,131	3,14,131
Finance Cost	2,07,58,451	1,77,23,816
Extra Ordinary Items	4,08,585	1,301
	2,14,81,167	1,80,39,248
Less: Non Operative and Non Cash Items Credited to Profit & Loss A/c.		
Other Income	15,988	4,365
	(-)15,988	(-)4,365
Cash Outflow from Operating Activities before changes in Working Capital.	(-)1,62,491	(-)1,69,344
Changes in Working Capital		
Increase in Trade Payables	7,265	3,764
Increase in Other Current Liabilities	68,81,979	57,53,093
Increase / (Decrease) in Short Term Provisions	-	(-)4,811
Decrease in Inventories	1,465	12,861
Decrease in Trade Receivables	797	5,437
Increase of Short Term Loans and Advances	(-)32,505	(-)35,449
Decrease / (Increase) in Other Current Assets	(6,602)	1,709
Inflow / (Outflow) of Cash from Operating Activities.	66,89,908	55,67,259
Extra Ordinary Items		
	(-)4,08,585	(-)1,301
II Investing Activities		
Purchase of Fixed Assets	-	-
Long term Advances to Employees and Others	1,500	20
Income from Other Investments	15,988	4,365
Net Inflow / (Outflow) of Cash from Investing Activities	17,488	4,385
III Financing Activities		
Proceeds from Issue of Shares	-	-
Proceeds from Short Term Borrowings	1,49,23,291	1,21,63,648
Finance Cost	(-)2,07,58,451	(-)1,77,23,816
Net Inflow / (Outflow) of Cash from Financing Activities	(-)58,35,160	(-)55,60,168
Net Inflow of Cash	4,63,651	10,175
Add: Opening Balance of Cash and Cash Equivalants	33,873	23,698
Closing Balance of Cash and Cash Equivalants	4,97,524	33,873

R.USHA KUMARI
Asst. Company Secretary

M. RAMESH
Deputy Manager Finance/
Unit Head

S.GIRISH KUMAR
Director Finance &
Chairman cum Managing Director

MANJIT KUMAR
Director

Vide our Report of even date attached,

For A.JOHN MORIS & CO.,
Chartered Accountants.
Firm Registration Number: 007220 S

Place : Chennai
Date : 19th June 2015

R.SANJEEVE NARAYANAN
Partner,
M. No: 228915

INDEPENDENT AUDITOR'S REPORT

To the Members of **M/s. Hindustan Photo Films Manufacturing Company Limited.**

We have audited the accompanying Financial Statements of M/s. Hindustan Photo Films Manufacturing Company Limited ("the Company"), which comprises Balance sheet as at March 31, 2015, 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.

Management's responsibility for Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the act") with respect to the preparation 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 includes maintenance of adequate accounting records in accordance with the provisions of the act for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent and design implementation and maintenance of adequate interanal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our Audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

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 judgements, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of 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 reasonableness of the accounting estimates, made by the Company's directors , as well 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 qualified audit opinion.

Basis for Qualified Opinion:

- i. *In Sl. No. 8 of Note 30, the secured "A" series Bonds and secured loans amount to ₹.12295.65 Crore (including interest). Of this total amount only ₹.503.11 Crore has been secured by fixed and current assets. The classification of the balance of ₹.11792.54 Crore as "Secured" in our opinion is not correct.*
- ii. *The confirmation certificates of balances of cash credit, letter of credit, bridge loans, DGP loan and term loan and current account of SBI Pondicherry and City Bank etc. as on 31.03.2015 have not been obtained. In the absence of confirmations from the related parties, accuracy of balances appearing in the respective accounts could not be verified by us.*
- iii. *In Sl. No. 14 of Note 30, regarding non-payment of insurance premium to cover the company's assets against risks.*
- iv. *In Sl. No. 16 of Note 30, regarding 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/or unused.*
- v. *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.*
- vi. *In Sl. No. 25 of Note 30, regarding the amount that may be payable consequent upon the suit filed by HPF Officers Association for wage revision which is pending in Supreme Court.*
- vii. *Confirmation of Balance for loans obtained from banks is not available in respect of all Accounts.*
- viii. *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.*
- ix. *During the year, company has not made adequate provisions for debtors and for obsolete/non-moving stock.*
- x. *An amount of ₹.8290.14 Thousand, held as a House Building Advance granted to employees remains unreconciled 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 home loans availed by them.*

- xii. In Sl. No. 13(c) of Note 30 regarding the provision for leave encashment, the company has made provision for Leave encashment on the basis of the company's own estimation and the same was not certified by actuarial valuation.

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:

- xiii. The company has incurred a net loss of ₹.2162.77 Crore and a cash loss of ₹.2131.35 Crore in the current year.
- xiiii. The accumulated losses as on 31.03.2015 stand at ₹.15113.94 Crore as against the net owned shareholders' funds of ₹.206.87 Crore.
- xv. The net worth has been fully eroded and the company has been consistently making significant losses for the past several years.
- xvi. The Company has been referred to BIFR in terms of the provisions of Sick Industrial Companies (Special provisions) Act, 1985 on 14.10.1995. The BIFR has confirmed its opinion for winding up the Company under Section 20(1) of the SICA vide order dated 30.1.2003. The Company's appeal to the AAIFR against the order of the BIFR was dismissed confirming the BIFR opinion for winding up of the Company. The Company has obtained a stay in the Madras High Court against the order of AAIFR in orders No: 21816 of 2005 dated 27.06.2005.

The case came up for hearing during October 2009 and the High Court of Madras granted eight weeks' time to report about the Revival status of the company. The Revival proposal/Business Plan based on the report of consultants M/s. Ernst & Young was considered by DHI through an Inter Departmental Committee and recommended to the BRPSE for approval. The BRPSE recommended release of Rs.30 Crores towards Working Capital in February 2010 to meet pending orders and the amount was received in the same month. The BRPSE finally recommended the Restructuring proposal of HPF favourably in its 5th meeting held on 5.3.2010. The BRPSE advised DHI to obtain sanction of the Government at the earliest.

A CCEA note was circulated by DHI and the recommendations were put-up to the Cabinet for consideration. The Cabinet Secretariat referred it to a Committee of Secretaries for their views. After review by the Committee of Secretaries in two meetings the proposal was recommended to the Cabinet for approval. The proposal was put-up to the Cabinet and taken up at the CCEA meeting held on 23.08.2012. The proposal was discussed and stands withdrawn.

In the meantime, at the BRPSE review meeting held during June 2013, BRPSE observed that the Revival Proposal of the Company is not viable and recommended enhanced VRS at 2007 notional to all the employees and refer the Company to the decision of the Court. Subsequently, the DHI has moved a proposal on the above to the CCEA for consideration. CCEA has recommended the proposal and allotted a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional for all employees and directed to take further action for closure of the Company as per recommendation of BRPSE.

Voluntary retirement Scheme has been introduced in the Company from the month of January 2015 and benefits are determined at 2007 notional scale pay and 286 employees have been relieved on Voluntary Retirement Scheme as on 31st March 2015

- xvi. The company's Current Liabilities have exceeded its Current Assets by ₹14754.29. Crores.*
- xvii. 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.*
- xviii. The company's key financial ratios are quite adverse and consistently posting substantial negative cash flows from operations.*
- xix. The viability of the company appears to be doubtful as the company at current product mix and production level is not in a position to recover even the variable cost in respect of products manufactured by it.*

Qualified Opinion:

In our opinion and to the best of our information and according to the information and explanations given to us, 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 of the state of affairs of the Company as at 31st March 2015 and its loss and its Cash Flows for the year ended on that date:

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 (the order) issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure A a statement on the matters specified in the Paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143 (3) of the act, we report that:
 - a. we have sought and except for the matters described in the Basis for qualified opinion paragraph, obtained all the information and explanations, 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, Statement of Profit and Loss and cash flow statement referred to in this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the 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 provision for leave encashment which has not been certified by actuary.

- e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. 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
- g. With respect to the matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer 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 A JOHN MORIS & CO.,
Chartered Accountants
Firm Registration No.: 007220 S

R.SANJEEVE NARAYANAN
Partner
Membership No.: 228915

Date :19.6.2015
Place: Chennai



A. JOHN MORIS & CO
No.5 Lakshmipuram 1st Street
Deivasigamani Road, Royapettah,
Chennai 600014

ANNEXURE – “A” TO THE AUDITOR’S REPORT OF EVEN DATE TO THE MEMBERS OF HINDUSTAN PHOTO FILMS MFG. CO. LTD. on the financial statements for the year ended 31st March, 2015.

I. Fixed Assets

- a) *The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.*
- b) *As informed, fixed assets have not been physically verified by the management during the year 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.*

II. Inventory

- a) *Physical verification of all raw materials, stores and spares and finished goods has not been conducted during the year. However, a portion of raw materials, stores and spares and finished goods have been physically verified after the end of the year.*
- b) *In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.*
- c) *On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory.*

III. *The company has not granted any loans, secured and unsecured, to Companies, Firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.*

IV. *In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures*

except for the transaction regarding the accounting and documents related to House Building Advance (HBA) given to employees by the company.

- V. The Company has not accepted any deposits from the public.
- VI. The Central Government has not prescribed the maintenance of Cost Records under Sub Section (1) of Section 148 of the Companies Act, 2013 for the goods manufactured by the company.
- VII.
- a) *As per the records of the Company examined by us, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Customs Duty, Income Tax (TDS), Sales Tax, R&D Cess and other material statutory dues, have been regularly deposited with the appropriate Authorities and there have been no delays , except for TCS amounting to Rs. 464.47 have not been deposited till date.*

Nature of the Statute	Nature of the Dues	Amount (₹.in Lac)	Period to which the amount relates	Due date for Payment/Remittance	Date of Payment
Income Tax Act, 1961	R&D Cess	4.94	1992-93	1992-93	None of the Dues has been Remitted
Companies Act, 1956	Unpaid principal and interest on HPF 'A' series Bonds shown under Investor Education and Protection Fund	35.96	1994-95	30.01.2002	
Employees Provident Fund	PF own Contribution	87.26	April14- March 15	May 2014 to April 2015	Not yet paid till date
	PF Voluntary Contribution	48.72	April14- March 15		
	PF Company's Contribution	120.14	April14- March 15		
	PF Advance Recoveries	100.93	April14- March 15		

b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Customs Duty , Excise Duty and service tax as at 31st March 2015, which have not been deposited on account of dispute.

- VIII. The company has accumulated losses as at 31st March, 2015, which is more than the net-worth of the Company. It has incurred a cash loss of ₹.2131.35 Crore in the financial year ended on that date and has incurred cash loss in the immediately preceding three financial years as well.
- IX. According to the records of the Company examined by us, the Company has defaulted in repayment of dues to financial institutions, banks and debenture holders as at the Balance Sheet date. The period and amount of default is reported in **Annexure - 1**.
- X. According to the records of the Company examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XI. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- XII. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **A JOHN MORIS & CO.,**
Chartered Accountants
Firm Registration No. : 007220 S

(R.SANJEEVE NARAYANAN)
Partner
Membership No. : 228915

Date : 19.6.2015
Place: Chennai

HINDUSTAN PHOTO FILMS MFG. CO. LTD, Indu Nagar, Udhagamandalam-643005

ANNEXURE-1 to Annexure – “A” (i.e. Annexures to Auditor’s Report).

Referred to in clause IX of Annexure ‘A’ a statement on the matters specified in the Companies (Auditor’s Report) Order, 2015 of M/s. Hindustan Photo Films Manufacturing Company Limited for the year ended 31st March, 2015.

Names of Lenders / Bond holders	Principal Amount outstanding and overdue as at 31.3.2015	Interest Amount outstanding and overdue as at 31.3.2015	Due date for repayment in respect of each borrowing/ debenture holder
	(₹. In Thousand)	(₹. In Thousand)	
HPF Bonds 'A' series	1211103	4017985	30 th Jan 1995. In respect of UTI-bonds 30 th Jan 1998.
UTI Funded Interest Loan	85398	427453	The entire amount is overdue as on 31st March, 2015
Cash Credit-			
State Bank of India	1370815	50694524	
Syndicate Bank	104703	4844479	
Indian Overseas Bank	239464	8758678	
State Bank of Patiala	99129	3153236	
State Bank of Travancore	201177	5210843	
Indian Bank	20085	346393	
Canara Bank	35892	1985979	
Letters of Credit:			
Canara Bank	28036	1585729	
Indian Bank	15556	799692	
Citi Bank	36302	341258	
Bridge Loans from banks	769657	29238702	
DPG Loan from SBI	191425	7000021	
Unsecured Loans:			
Term Loans:			
Canara Bank	8648	796963	
State Bank of India	108972	4091444	

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 2015

The preparation of financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 19.6.2015.

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 2015 and as such have no comment to make under Section 143 (6)(b) of the Act .

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

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

Place: Chennai
Date: August 10, 2015

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION			NET BLOCK	
	As on 1.04.2014	Additions during the year	Deletions during the year	As on 31.03.2015	As on 01.04.2014	For the year	As on 31.03.2015	As on 31.03.2015	As on 31.03.2014
<u>Tangible Assets</u>									
Land-Free Hold & Lease Hold * Roads & Approaches	1,118	-	-	1,118		-		1,118	1,118
-Free Hold	2,315	-	-	2,315	1,015	23	1,038	1,277	1,300
-Lease Hold	239	-	-	239	76	3	80	160	163
Buildings	2,49,369	-	-	2,49,369	1,54,572	6,938	1,61,510	87,859	94,797
Water Works Electrical Instalations	58,561	-	-	58,561	47,675	2,653	50,328	8,234	10,886
Plant & Machinery # Laboratory Equipments	66,27,606	-	-	66,27,606	54,03,543	2,97,021	57,00,564	9,27,042	12,24,063
Office Misc. Equipments	31,341	-	-	31,341	25,710	459	26,169	5,173	5,632
Furniture, Fixtures & Fittings	26,568	-	-	26,568	22,807	703	23,510	3,058	3,761
Motor Vehicles	6,008	-	-	6,008	5,455	67	5,522	486	552
	5,074	-	-	5,074	4,688	30	4,718	357	386
Current Year's GRAND TOTAL	71,57,715	-	-	71,57,715	57,86,102	3,14,131	61,00,233	10,57,482	13,71,613
Previous Year's GRAND TOTAL	71,57,715	-	-	71,57,715	54,71,972	3,14,131	57,86,102	13,71,613	16,84,608
<p>* The Value of Rent Free Lease Hold Land of 28.01 Acres from Govt. of Tamil Nadu has been taken at a nominal value of ₹. 1.00 in the Books of accounts.</p> <p># Plant and Machinery includes ₹. 1181 thousand Assets being kept for disposal.</p>									