

Chairman-cum-Managing Director
& Director (Finance)

Shri. S. Girish Kumar

Directors

Shri.Manjit Kumar till 25.8.2015
Shri A.K. Deori from 26.8.2015
Shri. G.R.Sundaravadivel
(Nominee Director – UTI AMC Pvt. Ltd)
Smt. Meera Saksena I.A.S. (Retd)

Asst. Company Secretary

Smt. R. Ushakumari

Auditors

M/s A. Giri & Co
Chartered Accountants
Coimbatore

Bankers

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

Registered Office

Indunagar
Ootacamund
Tamil Nadu - 643 005

HINDUSTAN PHOTO FILMS MFG. CO.LTD.

NOTICE TO SHARE HOLDERS

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

Registered Office
Indunagar
Ootacamund-643005

3.11.2016

NOTICE

Notice is hereby given that the 55th Annual General Meeting of the Shareholders of Hindustan Photo Films Manufacturing Company Limited will be held at Hotel Alankar Grande, Coimbatore , Tamilnadu on 25th November 2016at 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 2016.
- To fix remuneration of the Auditors for the year 2016-17.

(BY ORDER)

(Philip John)
General Technical Manager

To: All Members

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

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 55th Annual Report on the working of the Company along with the audited accounts for the year ended 31st March 2016, 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 31.3.2016 stood at ₹206.87Crores and ₹210 Crores respectively.

Fixed Deposit

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

Corporate Performance

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

Corporate Results

Production, Turnover and Loss

As the operations of the Company have come to a standstill, the turnover during the year was Nil . The Company's operations resulted in a net loss of ₹2527.92Crore for the year as compared to a net loss of ₹ 2162.77Crore in the previous year. The Company has incurred a cash loss of ₹54.58Crore during the year before interest and prior period adjustments as against ₹55.51Crore during the previous year.

Quality Assurance

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

The incoming raw materials received during the period were checked and cleared. Samples of drinking water, treated water, process raw water and process treated water were tested regularly to maintain the quality. Treatment of effluent was carried out as per the norms.

R&D and Quality Control

Activities could not be carried out as there was no production

Personnel

The total number of permanent employees as on 31st March 2016 stood at 217. The representation of SC /ST, and Physically handicapped employees was as follows:

| | | |
|-------------------------|---|----|
| SC category | : | 59 |
| ST category | : | 7 |
| Physically handicapped: | | 5 |

During the year 130 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 held discussions from time to time to resolve various Industrial Relation problems.

| Financial Data for the last ten years | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Year ending 31 st March 2016 | | | | | | | | | | |
| (₹ in lakhs) | | | | | | | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Production | 1768.22 | 1761.53 | 2409.93 | 2549.80 | 3992.46 | 760.94 | 360.60 | 15.09 | --- | --- |
| Sales | 1459.34 | 1716.53 | 2618.48 | 2625.01 | 3718.32 | 1256.38 | 373.81 | 124.86 | --- | --- |
| Net Profit /Loss | -65305.92 | -78949.15 | -89026.05 | -100921.51 | -115665.42 | -135238.95 | -156531.99 | -182042.26 | -216276.71 | -252791.86 |
| Growth Rate (%) | | | | | | | | | | |
| - Turnover | -0.14 | 17.62 | 52.54 | 0.25 | 41.64 | -66.21 | -70.25 | -66.60 | --- | --- |
| - Production | 15.05 | -0.38 | 36.81 | 5.80 | 56.55 | -80.94 | -52.61 | -95.82 | --- | --- |
| Net profit (As a % of) | | | | | | | | | | |
| - Turnover | -4475.03 | -4599.35 | -3399.91 | -3844.61 | -3110.69 | -10764.18 | -41874.75 | -145797.10 | --- | --- |
| Networth | -414444.27 | -493093.42 | -582019.47 | -682840.98 | -798406.40 | -933645.35 | -1090177.34 | -1272219.61 | -1488496.32 | -1741287.04 |
| Inter Corporate loan | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607.00 | 3607 |
| Gross Block (Excluding Capital WIP) | 72065.78 | 72078.91 | 71552.47 | 71566.57 | 71566.75 | 71585.22 | 71596.58 | 71577.15 | 71577.15 | 71577.59 |
| Gross Block (Including Capital WIP) | 72065.78 | 72078.91 | 71552.47 | 71566.57 | 71566.75 | 71585.22 | 71596.58 | 71577.15 | 71577.15 | 71577.59 |
| Inventories | 1617.27 | 1607.00 | 1411.14 | 1417.60 | 1541.50 | 942.24 | 891.17 | 763.05 | 748.40 | 740.67 |
| Depreciation | 3323.37 | 3315.40 | 3241.61 | 3212.35 | 3166.17 | 3146.92 | 3147.82 | 3141.13 | 3141.13 | 3141.38 |
| Interest | 60230.85 | 71820.89 | 83014.38 | 95498.84 | 111525.07 | 130242.70 | 151703.19 | 177238.16 | 207584.49 | 244192.14 |

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

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, conducting surprise and detailed inspections of transactions. Vigilance Awareness Period was observed from 26.10.2015 to 31.10.2015 in a befitting manner. Vigilance clearance were given for 130 employees as on 31.3.2016

RTI Act

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

| | | | |
|----------------------------|---|----------------------------------|--|
| Appellate Authority | : | Shri. M. Ramesh | |
| | | Deputy Manager Finance/Unit Head | |
| Public Information Officer | : | Smt. R. Ushakumari | |
| | | Assistant Company Secretary | |

All applications and first appeals received under RTI during the year 2015-16, have been addressed.

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 31.3.2016, the Audit Committee comprised of the following members:

| | | | | |
|---------------------------|---|-----------------------------|---|----------|
| Smt. Meera Saksena | : | Independent Director | : | Chairman |
| Shri. A. K. Deori | : | 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, 2016, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities The directors have prepared the annual accounts on a going concern basis.
- The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively

Auditors

M/s. Giri& Co., Chartered Accountants, Coimbatore have been appointed by the Government of India as Auditors of the Company for the financial year 2015-16.

Corporate Governance

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

Status before BIFR / AAIFR / Revival

The Company was referred to BIFR in terms of the provisions of Sick Industrial Companies (Special provisions) Act, 1985 on 14.10.1995. The BIFR had 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 had obtained a stay in the Madras High Court against the order of AAIFR in orders No: 21816 of 2005 dated 27.06.2005. A final decision was awaited

In the meantime, based on the recommendations of BRPSE , the CCEA during Feb 2014 had recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional pay scale for all employees and directed to take further action for closure of the Company .VRS at 2007 Notional pay scale was implemented in the Company from Jan 2015. 416 employees have been relieved on VRS as on 31st Mar 2016.

Acknowledgement

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

For and on behalf of the
Board of Directors

S. Girish Kumar
Chairman-cum-Managing Director

Management Discussion and Analysis Report

The operations of the Company have come to a standstill due to disconnection of power to the Polyester X-Ray Plant and R&D from May 2013 and non-availability of funds to procure the raw materials. Based on the recommendation of BRPSE, the CCEA during Feb 2014 has recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional pay scale for all employees and directed to take further action for closure of the Company .

VRS at 2007 Notional pay scale has been introduced in the Company from Jan 2015. 416 employees have been relieved on VRS as on 31st Mar 2016

Internal Control Systems

The Company has an adequate system of Internal Control for safeguarding its assets.

Discussion on Financial Performance with respect to Operational Performance

As the operations of the Company have come to a standstill and in view of the Company's continuing sickness, there has not been any material change with regard to the Company's financial position. Interest and depreciation continue to be the major components contributing to the net loss. The cash loss is around ₹ 54.58Crore before interest and prior period adjustments. Major portion of the accumulated losses comprise of accumulated interest and unabsorbed depreciation. The Net worth of the Company remains negative on account of these factors.

Material developments in Human Resource/Industrial Relations

VRS at 2007 Notional pay scale has been introduced in the Company. 416 employees have been relieved on VRS as on 31.3.2016.

Future Prospects

The Company is recommended for closure.

S. Girish Kumar
Chairman-cum-Managing Director

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

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

I. Board of Directors

a. Composition

As on 31.3.2016, the composition of the Board was as follows:

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

- Shri A.K. Deori was appointed as Director w.e.f.26.8.2015 vice Shri. Manjit Kumar, 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 2015-16, 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 19.6.2015, 09.10.2015, 22.12.2015 29.1.2016 & 15.3.2016 | 5 | 5 | Yes |
| Manjit Kumar | | 1 | 1 | No |
| A. K. Deori | | 4 | 4 | No |
| G.R. Sundaravadivel | | 5 | 4 | No |
| Meera Saksena 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 was prepared by the 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. For the year ended 31.3.2016, all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

II. Audit Committee

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

a. Composition

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

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

b. Meetings of the Audit Committee

During the year 2015-16, four Audit Committee meetings were held. The attendance of Directors at the Audit Committee meetings held during the year was as follows:

| Name of Director S/Shri | Audit Committee Meetings held | No. of Audit Committee Meetings held during tenure | No. of Audit Committee meetings attended |
|-------------------------|--|--|--|
| Meera Saksena | 4 Meetings : held on 19.6.2015, 09.10.2015, 22.12.2015 29.1.2016 | 4 | 4 |
| G.R. Sundaravadivel | | 4 | 4 |
| Manjit Kumar | | 1 | 1 |
| A.K. Deori | | 3 | 3 |

c. Role and Powers of Audit Committee

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

d. Review of information by Audit Committee

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

III. Shareholders'/ Investors' grievance Committee

The Company has a Shareholders' / Investors' Grievance Committee to resolve the grievances of the Shareholders / Investors. During the year, no complaints have been received from the Shareholders.

IV. Share Transfer Committee

The Company has a Share Transfer Committee to carry out the transfer of shares. As on 31.3.2016, about 90% of the Share Capital is held by the President of India and only the remaining 10% is held by others. The only Share Transfers that have been taking place are those amongst the nominees of the President of India. No Share transfers are pending as on date.

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 |
|----------------------|---------------------|----------------------------|----------------------------------|
| 52 nd AGM | 28.3.2014 1530 Hrs | --- | Hotel GRT Grand, Chennai |
| 31 st EGM | 28.3.2014 16 00 Hrs | 1 | |
| 53 rd AGM | 30.9.2014 15 30 Hrs | --- | HMT Bhavan, Bangalore |
| 54 th AGM | 16.9.2015 10 00 Hrs | --- | Hotel Alankar Grande, Coimbatore |

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

VII. Disclosures

a) Basis of Related party transactions

During the year 2015-16, 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 2015-16, the Company has not made any public issues, rights issues or 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 ₹ 7200 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 he has become aware and the involvement therein, if any, of the management or any 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 | : 1 st Apr 2016- 31 st Mar 2017 |
| Board Meeting to consider Annual Report for 2015-16 | : May/ Aug 2016 |
| Submission of audited accounts to the C&AG of India | : Aug 2016 |
| Board Meeting for considering: | |
| Financial results for First quarter | : Aug 2016 |
| Financial results for Second quarter | : Dec 2016 |
| Financial results for Third quarter | : Feb 2017 |
| ▪ 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 the Company cannot afford at this stage.

- Market price data : Securities of Company are not being quoted in the Market at present
- Performance in comparison to broad-based indices : Not Applicable
- Registrar and Transfer Agents : Nil
- Share Transfer system : The Company has an in-house share transfer facility
- Distribution of Shareholding as on 31.3.2016:

| 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 years.
- Plant locations:

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

- Address for correspondence : The Company Secretary
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, CMD, 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 2016.
- 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 2016.

Date :27.5.2016
Place: Coimbatore

S. Girish Kumar
Chairman-cum-Managing Director

R. GIRI & CO
CHARTERED ACCOUNTANTS

Bashyakaralu Road (East)
R.S.. Puram
Coimbatore 641 002

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, 2016 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 Giri & Co.
Chartered Accountants
F.R.No.006702S

Date: 19.8.2016
Place: Coimbatore

R.GIRI
Senior Partner
M. No: 025458

ADDENDUM TO DIRECTORS' REPORT

| | AUDITORS' REPORT | COMPANY'S REPLY |
|-----|---|---|
| I. | <p>Sl. No. 8 of Note 30, the secured "A" series Bonds and secured loans amount to ₹12491.63 Crore (including interest) as on 31.3.2016. Of this total amount, only ₹ 503.11 Crore has been secured by fixed and current assets.</p> <p>The classification of the balance of ₹11980.52 Crore as "Secured" in our opinion is not correct.</p> | <p>Bridge Loan is Secured by first charge against all the stock of Raw Materials, Work in Progress, Finished Goods and Stores, book Debts both present and future, except Properties effectively otherwise Hypothecated, Charged or Mortgaged to Banks. Further secured by way of second charge on Fixed Assets of the Polyester X-ray Plant.</p> <p>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.</p> <p>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.</p> |
| II | <p>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 31.03.2016 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.</p> | <p>Confirmation certificates are not received since the transactions have come to standstill.</p> <p>The actual outstanding amounts due have been disclosed in the financial statements</p> |
| III | <p>Sl. No. 14 of Note 30 regarding non-payment of insurance premium to cover the Company's assets against risks.</p> | <p>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.</p> |
| IV | <p>Sl. No. 16 of Note 30 regarding non treatment of the loss that may arise on disposal of certain plant and machinery included in fixed assets which are no longer required and steels, valves and pipe fittings relating to Polyester Plant identified as surplus and held for disposal.</p> | <p>The referred assets have been identified as surplus at the time of completion of the Polyester X-Ray Plant and the same have been retained for use wherever possible since the disposal value is very low compared to the replacement cost.</p> |
| V | <p>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.</p> | <p>In spite of efforts by verbal requests to Micro, Small and Medium Enterprises dealing with the Company, we were unable to get the relevant information in making suitable disclosures.</p> |

| | | |
|--|--|--|
| VI | Sl. No. 25 of Note 30 regarding the liability amount that may be payable consequent upon the suit filed by HPF Officers Association for wage revision which is pending in Supreme Court. | 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 adequate 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 ₹ 82.876 lakhs, held as a House Building Advance granted to employees remains un-reconciled 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. | 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 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 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. |
| XII | The Company is providing Depreciation at the rates prescribed in the Companies Act 1956 and not as per useful life as required by the Companies Act 2013 | It is a matter of fact |
| 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 | | The Accounts of the Company have been prepared on a "GOING CONCERN BASIS" . |

| | | |
|---|--|---|
| CONCERN BASIS". We are unable to express our opinion in view of the following: | | |
| XIII | The company has incurred a net loss of ₹ 2527.91 Crore and a cash loss of ₹2496.49 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 ₹54.58 Crores and only pertains to basic expenses for existence. |
| XIV | The accumulated losses as on 31.03.2016 stand at ₹ 17641.85 Crore as against the net owned shareholders' funds of ₹ 206.87 Crore. | The accumulated loss include more than ₹16000 Crores of accrued interest and ₹624 Crores of accrued unabsorbed depreciation. |
| XV | The Net worth has been fully eroded and the Company has been consistently making significant losses for the past several years | The negative net-worth of the Company is due to the non-approval of proposed financial restructuring plan by GOI . Now the company is recommended for closure |
| XVI | <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. A final decision is awaited.</p> <p>In the meantime, based on the recommendations of the BRPSE, the CCEA during Feb 2014 has recommended a sum of ₹ 181.54 Crores towards implementation of VRS at 2007 notional pay scale for all employees and directed to take further action for closure of the Company. VRS at 2007 Notional pay scale has been implemented in the Company from January 2015. 416 employees have been relieved on VRS as on 31st Mar 2016.</p> | The status of Company reported by the Auditors is a matter of fact. |
| XVII | The company's Current Liabilities have exceeded its Current Assets by ₹17250.79 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's direction on the settlement of these liabilities is awaited. |

| | | |
|-------|--|--|
| XVIII | 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. |
| XIX | 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. |
| XX | 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 pay 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, the aforesaid financial statements except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India:</p> <p>(a) In case of the Balance sheet, of the state of affairs of the Company as at 31st March 2016</p> <p>(b) in case of the Statement of Profit and Loss of the company for the year ended on that date.</p> <p>(c) and its Cash Flows for the year ended on that date .</p> | <p>The existence of the Company has been based on the available funds and financial support received from the Government of India.</p> <p>Hence the financial statements have to be viewed as reflecting the true and fair view of the Company as on date.</p> |

For and on behalf of the Board of Directors

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

BALANCE SHEET AS AT 31st MARCH, 2016.

(₹. IN THOUSAND)

| Particulars | Note | As on 31.03.2016 | As on 31.03.2015 |
|--|---------|------------------|------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Share Holders Funds: | | | |
| Share Capital | 2 | 2068650 | 2068650 |
| Reserves and Surplus | 3 | (176197466) | (150918281) |
| Share Application Money pending allotment: | 4 | - | - |
| Non-Current Liabilities: | | | |
| Long Term Borrowings | 5 | 2375203 | 2375203 |
| Current Liabilities: | | | |
| Short Term Borrowings | 6 | 118243438 | 101634036 |
| Trade Payables | 7 | 205637 | 205979 |
| Other Current Liabilities | 8 | 54578170 | 46556432 |
| Short Term Provisions | 9 | 68743 | 68744 |
| TOTAL | | 1342375 | 1990763 |
| <u>ASSETS</u> | | | |
| Non-Current Assets: | | | |
| Fixed Assets | 10 | | |
| Tangible Assets | | 743388 | 1,057,482 |
| Intangible Assets | | - | - |
| Non-Current Investments | 11 | 6 | 6 |
| Long-Term Loans and Advances | 12 | 10987 | 10990 |
| Current Assets: | | | |
| Inventories | 13 | 74067 | 74840 |
| Trade Receivables | 14 | 51898 | 51704 |
| Cash and Bank Balances | 15 | 139561 | 497524 |
| Short-Term Loans and Advances | 16 | 322467 | 291269 |
| Other Current Assets | 17 | - | 6948 |
| TOTAL | | 1342375 | 1990763 |
| Notes on Financial Statements | 1 to 30 | | |
| Accounting Policies | 31 | | |

PHILIP JOHN

General Technical Manager/
Unit Chief

S.GIRISH KUMAR

Director Finance &
Chairman cum Managing Director

A.K. DEORI

Director

Vide our Report of even date attached,

For GIRI & CO.,

Chartered Accountants.

Firm Registration Number: 006702S

Place : Coimbatore

Date : 19.8.2016

R.GIRI

Senior Partner

M. No: 025458

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016

(₹. IN THOUSAND)

| Particulars | Note | As at 31.3.2016 | As at 31.3.2015 |
|---|---------|--------------------|-------------------|
| <u>INCOME</u> | | | |
| Revenue from Operations | 18 | 0 | -14 |
| Other Income | 19 | 15705 | 15988 |
| Total Revenue | | 15705 | 15974 |
| <u>EXPENDITURE</u> | | | |
| Cost of Material Consumed | 20 | 16 | 177 |
| Purchase of Stock in Trade | 21 | - | - |
| Changes in Inventories of Finished Goods, | | - | - |
| Work-in-Progress and Stock in Trade | 22 | 760 | 1,346 |
| Employee Benefit Expense | 23 | 111923 | 145,503 |
| Finance Costs | 24 | 24419214 | 20758451 |
| Depreciation and Amortization Expense | 25 | 314138 | 314131 |
| Other Expense | 26 | 15876 | 15451 |
| Total Expenses | | 24861927 | 21235059 |
| Loss before Extraordinary Items | | (24846222) | (21219085) |
| Extraordinary Items | 27 | 432927 | 408585 |
| Loss for the year | | (25279149) | (21627670) |
| Add (-)/Less (+) Prior Period Adjustment (net) | 28 | -38 | - |
| Net Loss carried over to Balance sheet | | (25,279186) | (21627670) |
| Basic and Diluted Earnings per Share of Face value of ₹.10.00 each. | 29 | (122) | (105) |
| Notes on Financial Statements | 1 to 30 | | |
| Accounting Policies | 31 | | |

PHILIP JOHN

General Technical Manager/
Unit Chief

S. GIRISH KUMAR

Director Finance & Director
Chairman cum Managing Director

A.K. DEORI

Vide our Report of even date attached,

For GIRI & CO.,

Chartered Accountants.

Firm Registration Number: 006702S

Place : Coimbatore

Date : 19.8.2016

R.GIRI

Senior Partner

M. No: 025458

Notes on Financial Statements for the year ended 31st March, 2016

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

(₹ . In Thousand)

| | As at 31.3.2016 | As at 31.3.2015 |
|--|--------------------|--------------------|
| 2 Share capital | | |
| Authorised 210000000 equity shares of Rs.10/- each. | 2100000 | 2100000 |
| Issued subscribed and paid up 20,68,65,000 equity shares of Rs.10/- each fully paid up (including 1,05,00,000 shares issued as paid up converting Govt. loans as equity) | 2068650 | 2068650 |
| 3 Reserves and surplus | | |
| Capital reserve | 0 | 0 |
| Export profit reserve | 11 | 11 |
| Bond Redemption Reserve | 221121 | 221121 |
| | 221132 | 221132 |
| PROFIT & LOSS ACCOUNT | | |
| Balance as per last Balance sheet | 151139412 | 129511743 |
| Add loss for the year | (25279186) | (21627670) |
| | 176418598 | 151139413 |
| Total | (176197466) | (150918281) |
| 4 Share application measures pending allotment | | |
| Share Capital Deposit | - | - |
| 5 Long Term Borrowings | | |
| Secured loans | | |
| Long term loans | | |
| HPF Bonds A Series | 1211103 | 1211103 |
| UTI Funded Interest loan | 85398 | 85398 |
| | 1296501 | 1296501 |
| Bridge loans | | |
| From Banks | 769657 | 769657 |
| DPG LOAN | | |
| State Bank of India | 191425 | 191425 |
| Un secured loans | | |
| Term loans | | |
| Canara Bank Bond interest loan | 8648 | 8648 |
| SBI bond interest loan | 108972 | 108972 |
| Total | 2375203 | 2375203 |

| | As at 31.3.2016 | As at 31.3.2015 |
|--|------------------|------------------|
| 6 Short Term Borrowings | | |
| Secured | | |
| Cash Credit From Banks | | |
| State Bank of India | 1370815 | 1370815 |
| Interest accrued and due | 60123556 | 50694524 |
| Indian Overseas Bank | 239464 | 239464 |
| Interest accrued and due | 10333353 | 8758678 |
| Syndicate Bank | 104703 | 104703 |
| Interest accrued and due | 5760078 | 4844479 |
| State bank of Patiala | 99129 | 99129 |
| Interest accrued and due | 4277253 | 3673615 |
| State Bank of Travancore | 201177 | 201177 |
| Interest accrued and due | 6157947 | 5210843 |
| Indian Bank | 20085 | 20085 |
| Interest accrued and due | 414191 | 346393 |
| Canara Bank | 35892 | 35892 |
| Interest accrued and due | 2410572 | 1985979 |
| SBI- Indunagar | -- | -- |
| | 91548216 | 77585776 |
| Letters of Credit | | |
| Canara Bank | 28036 | 28036 |
| Interest accrued and due | 1924620 | 1585729 |
| Indian Bank | 15556 | 15556 |
| Interest accrued and due | 950513 | 799692 |
| | 2918724 | 2429013 |
| Un secured loans | | |
| Govt of India Loans | 5111114 | 4876072 |
| Interest accrued and due | 12826510 | 11611299 |
| | 17937625 | 16487372 |
| Letter of credit | | |
| Citi bank | 36302 | 36302 |
| Interest accrued and due on LC | 407332 | 341258 |
| | 443634 | 377560 |
| Inter corporate loans | | |
| Maruti Udyog Ltd, New Delhi | 50000 | 50000 |
| National Mineral Dev. Corpn, Hyderabad | 45000 | 45000 |
| Kudremukh Iron Ore Ltd , Bangalore | 180000 | 180000 |
| Bharat Electronics Ltd, Bangalore | 13200 | 13200 |
| Pawan Hans Helicopters Ltd. Delhi | 72500 | 72500 |
| Interest accrued and due on Inter Corp loans | 5034539 | 4393616 |
| | 5395239 | 4754316 |
| Total | 118243438 | 101634036 |
| 7 Trade payable | | |
| SSI units | 0 | 0 |
| others | 205637 | 205979 |
| Total | 205637 | 205979 |

| | | |
|--|-----------------|-----------------|
| 8 Other current liabilities | | |
| Trustees of Employees contributory Provident fund | 19782 | 35742 |
| Advance from Customers | 6661 | 6661 |
| Unclaimed HPF Bonds A series & Interest | 3596 | 3596 |
| Other liabilities | 992148 | 888972 |
| Indian bank OD | 0 | 0 |
| Interest accrued but not due on Govt loans | 54865 | 48895 |
| Interest accrued and due on long term borrowings | 53501118 | 45572566 |
| Loan on deposit account | 0 | 0 |
| Total | 54578170 | 46556432 |
| 9 SHORT TERM PROVISIONS | | |
| Provision for contingencies | 12904 | 12904 |
| Provision for leave encashment | 55840 | 55840 |
| Total | 68743 | 68744 |
| 11 NON CURRENT INVESTMENTS | | |
| Shares with HPF employees co-op stores | 6 | 6 |
| Total | 6 | 6 |
| 12 LONG TERM LOANS AND ADVANCES | | |
| Other miscellaneous advance to employees (HBA) | 8288 | 8290 |
| Tax Deducted at source | 2700 | 2700 |
| Total | 10987 | 10990 |
| 13 INVENTORIES | | |
| Stores and spares | 56368 | 56368 |
| Printing and stationery | 203 | 206 |
| Loose tools | 4 | 5 |
| Raw materials | 70828 | 70828 |
| Process stock | 9965 | 10405 |
| Finished goods | 0 | 321 |
| Reclaimable scrap | 3545 | 3553 |
| | 140913 | 141686 |
| Less : Provision for obsolete/surplus items | | |
| Stores and spares | 41517 | 41517 |
| Raw materials | 25329 | 25329 |
| Finished goods | 0 | 0 |
| | 66846 | 66846 |
| Total | 74067 | 74840 |
| 14 TRADE RECEIVABLES | | |
| Sundry debtors | 133557 | 133557 |
| Other misc. debtors | 1223 | 1029 |
| Credit balance in Debtors | 6661 | 6661 |
| | 141441 | 141247 |
| Less Provision for bad/doubtful debts | 89543 | 89543 |
| Total | 51898 | 51704 |

| | | |
|---|---------------|---------------|
| 15 CASH AND BANK BALANCES | | |
| Cash, cheques and stamps on hand | 116 | 160 |
| Balance with Banks | 4584 | 45347 |
| Fixed deposits with Banks | 134861 | 452017 |
| Total | 139561 | 497524 |
| 16 SHORT TERM LOAN AND ADVANCES | | |
| Claims recoverable | 255988 | 255988 |
| Deposits | 11162 | 11158 |
| Advances and others | 313680 | 282441 |
| Prepaid expenses | 90 | 135 |
| Sub Total | 580920 | 549722 |
| Less; Provision for doubtful recovery | 258453 | 258453 |
| Total | 322467 | 291269 |
| 17 OTHER CURRENT ASSETS | | |
| Interest accrued on FD- LC/BG margin deposit | 0 | 6948 |
| Total | 0 | 6948 |
| 18 REVENUE FROM OPERATION | | |
| Sales less returns | 0 | 54 |
| Less: Excise duty/CVD | 0 | 68 |
| Total | 0 | (14) |
| 19 OTHER INCOME | | |
| Job order income | 0 | 102 |
| Other sundry receipts | 407 | 1816 |
| Interest receipts - staff | 42 | 0 |
| Interest receipts - Banks | 14155 | 13136 |
| Township rent receipts | 1100 | 934 |
| Total | 15705 | 15988 |
| 20 COST OF RAW MATERIALS CONSUMED | | |
| Raw materials consumed | | |
| Opening stock of raw materials | 70828 | 70828 |
| Add purchases | 8 | 752 |
| | 70835 | 71580 |
| Less : closing stock of raw materials | 70828 | 70828 |
| | 8 | 752 |
| Increase(-)/Decrease (+) in reclaimable scrap | 9 | 97 |
| | 16 | 849 |
| Stores and spares consumed | 0 | (672) |
| Total | 16 | 177 |

| | | |
|--|-----------------|-----------------|
| 21 PURCHASE OF STOCK IN TRADE | | |
| Opening stock | 0 | 0 |
| Add: Purchase | 0 | 0 |
| Less Closing stock | 0 | 0 |
| Total | 0 | 0 |
| 22 CHANGES IN INVENTORIES OF FIXED ASSETS, STOCK IN POSITION AND STOCK IN TRADE | | |
| Opening stock | | |
| Finished goods | 321 | 445 |
| Work in progress | 10405 | 11627 |
| | 10726 | 12072 |
| Closing stock | | |
| Finished goods | 0 | 321 |
| Work in progress | 9965 | 10405 |
| | 9965 | 10726 |
| Increase/ - decrease in stock | 760 | 1346 |
| 23 EMPLOYEE BENEFIT EXPENSES | | |
| Salaries, wages, Bonus etc | 101858 | 130844 |
| Contribution to provident fund | 4775 | 9418 |
| Contribution to group insurance scheme | 688 | 548 |
| Staff Welfare expenses | 4602 | 4693 |
| | 111923 | 145503 |
| Less Transferred to R&D expenditure | 0 | 0 |
| Total | 111923 | 145503 |
| 24 FINANCE COST | | |
| Interest on Govt. loans | 1221181 | 1084030 |
| Bank borrowings and others | 23198033 | 19674421 |
| Total | 24419214 | 20758451 |
| 25 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation on buildings | 6938 | 6938 |
| Depreciation on plant and machinery | 297021 | 297021 |
| Depreciation on other assets | 10178 | 10171 |
| Total | 314138 | 314131 |
| 26 OTHER EXPENSES | | |
| Power and fuel | 4471 | 5004 |
| Repairs and maintenance | | |
| Building | 79 | 708 |
| Plant and machinery | 84 | 827 |
| Others | 2928 | 1624 |
| | 3091 | 3159 |
| Rent | 19 | 3 |

| | | | |
|-----------|--|---------------|---------------|
| | Lease rent-Project | 1193 | 1193 |
| | Insurance | 9 | 14 |
| | Rates and taxes | 331 | 842 |
| | Travelling and conveyance | 1272 | 1052 |
| | Administrative and Office expenses | 354 | 533 |
| | Auditors remuneration | 76 | 89 |
| | Directors sitting fees | 3 | 6 |
| | Miscellaneous expenses | 737 | 1041 |
| | Exchange rate difference | 4303 | 2511 |
| | Provisions for doubtful debts and advances | 0 | 0 |
| | Provisions for contingencies and obsolesces | 0 | 0 |
| | Advertisement and publicity | 17 | 0 |
| | Selling expenses | 0 | 4 |
| | R&D Expenditure | 0 | 0 |
| | Total | 15876 | 15451 |
| 27 | EXDTRODINARY ITEM | | |
| | VRS payment | 432927 | 408585 |
| | Total | 432927 | 408585 |
| 28 | Prior period adjustment (Net) | | |
| | Interest | 38 | - |
| | Other cost | - | - |
| | Total | 38 | - |
| 29 | Earnings per Share | | |
| | Net Profit / (Loss) After Tax | (25279072) | (21627670) |
| | Weighted average No. of Equity Shares for Basic / Diluted EPS (No's) | 206865000 | 206865000 |
| | Nominal Value of Equity Per Share (in Rs.) | 10 | 10 |
| | Basic / Diluted Earnings Per Share (in Rs.) | (122) | (105) |

30. Notes on Financial Statement for the year ended 31st March 2016

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 | 2076.23 | (Previous year 1987.82) |
| d) OD Interest - Hindustan Zinc | 3442.26 | (Previous year 3298.29) |
| Total | 5976.44 | (Previous year 5744.06) |

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 ₹ 511.11 Crore and interest accrued of ₹11980.52 Crore amounting to ₹ 12491.63 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 31.3.2016.

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

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

The Trustees to Bond Holders namely Canara Bank have ceded a first charge to State Bank of India, Overseas Branch, Chennai, Guarantor towards the loan obtained from State Bank of India, Singapore, on the Plant and Machinery acquired out of the Foreign Currency Loan together with pari-passu charge on the other fixed assets along with Trustees. The Foreign Currency Loan had been converted into DPG Loan. The Bond amounts of ₹ 88 Crores were collected from the Public and ₹40 Crores through private placement with Unit Trust of India, under the consent of the Controller of Capital Issues. The Bonds are to be redeemed at par after the expiry of 7 years from the date of allotment i.e.30-01-1988 and the Unit Trust of India had extended the date of redemption upto 30-01-1998 with interest, at a rate of 18% p.a. for the extended period for ₹45 Crore. Pending arrangements with Financial Institutional Bond holders and UTI, for rollover, the interest on these bonds amount were charged at 13% and 18% respectively of original contract rate beyond the maturity date as the case may be.

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

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

11. The Company 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. A final decision was awaited

In the meantime, based on the recommendations of BRPSE , the CCEA during Feb 2014 has recommended a sum of Rs.181.54 Crores towards implementation of VRS at 2007 notional pay scale for all employees and directed to take further action for closure of the Company .

VRS at 2007 Notional pay scale has been implemented in the Company from Jan 2015. 416 employees have been relieved on VRS as on 31st Mar 2016.

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

13. Employee benefits: 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 2016 as per actuarial valuation works out to ₹450Lakh (Previous year ₹1148.27 Lakh). The fund available as on 31.3.2016 with LIC is ₹638.01 Lakh (Previous year ₹1433.89Lakh). 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 31.3.2016 is ₹197.82 Lakh (Previous year ₹357.42 Lakh). A sum of ₹356.60 Lakh (Previous year ₹215.80Lakh) 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 ₹6.09 Lakh) being the book value of certain Plant and Machinery included in the fixed assets which are no longer required and kept for disposal for which realizable value is not determinable.

b) Steels, valves and pipe fittings value of which is ₹20.44 Lakh (Previous year ₹ 20.44 Lakh) relating to Polyester Plant, were identified as surplus and held for disposal. The realizable value is not yet determinable. Accordingly the loss if any which may arise on disposal cannot be assessed at this stage and hence not considered in the accounts.

17. Photographic goods manufacturing being the only main segment and there being no other reportable segments, there is no segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
18. a) For Current year 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 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 ₹30.27 Crores (Previous year ₹ 27.09 Crores) paid to the employees of the company. This represents the advance recoverable from the employees who are continuing in service as on 31.3.2016.
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 ₹37560 (Net Debit) [previous Year ₹ Nil (Net Debit) are expenses / income which arise / identified in the current period pertaining to Financial Statements prepared in earlier years.

30. Notes on Financial Statement for the year ended 31st March 2016 (Continued)

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

Capacity and Production:

| S. No. | Class of Goods | 2015-16 | | | 2014-15 | | |
|--------|---|------------|--------------|---------------|------------|--------------|---------------|
| | | Licensed * | Installed ** | Production @@ | Licensed * | Installed ** | Production @@ |
| 1 | Cine Film (Positive and Negative including Sound and Colour Films and Photo Paper) M.Sq.m | 12.347 | 15.260 | 0.000 | 12.347 | 15.260 | 0.000 |
| 2 | X-Ray Film - M.Sq.m | 13.668 | 11.820 | 0.000 | 13.668 | 11.820 | 0.000 |
| 3 | Roll Films – M.Sq.m | 1.010 | 0.310 | 0.000 | 1.010 | 0.310 | 0.000 |
| 4 | Graphic Arts – M.Sq.m | 3.000 | #2.250 | 0.000 | 3.000 | #2.250 | 0.000 |
| 5 | Industrial X-ray – M.Sq.m | 0.750 | #0.510 | 0.000 | 0.750 | #0.510 | 0.000 |
| 6 | Processing Chemicals – Tonnes | NA | 400 | 0.000 | NA | 400 | 0.000 |
| 7 | Silver Nitrate – Tonnes | 90@ | 120 | 0.000 | 90@ | 120 | 0.000 |
| 8 | Magnetic Tape – MRM | 1500 | 550 | 0.000 | 1500 | 550 | 0.000 |

NA Not Applicable

* Revised as per re-endorsed license

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

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

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

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

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

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

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

30. Notes on Financial Statement for the year ended 31st March 2016 (Continued)**30 (b) RAW MATERIALS CONSUMED**

VALUE : ₹ In. Lakh

| | UNIT | 2015-16 | | 2014-15 | |
|-----------------------|------|----------|-------------|----------|-------------|
| | | QUANTITY | QUANTITY | QUANTITY | VALUE |
| CELLULOSE TRI ACETATE | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| SILVER | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| METHYLENE CHLORIDE | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| METHANOL | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| TRIPHENYL PHOSPHATE | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| GELATINE | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| ACETONE | KG | 0.00 | 0.00 | 0.00 | 0.00 |
| BARYTA COATED PAPER | SQM | 0.00 | 0.00 | 0.00 | 0.00 |
| POLYESTER BASE | SQM | 0.00 | 0.00 | 0.00 | 0.00 |
| COATED JUMBO | SQM | 0.00 | 0.00 | 0.00 | 0.00 |
| OTHER MATERIALS | | | 0.00 | | 0.00 |
| TOTAL | | | 0.00 | | 0.00 |

30. Notes on Financial Statement for the year ended 31st March 2016 (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 31-03-2016 | | | | YEAR ENDED 31-03-2015 | | | |
|-----------------------------|-----------------------|-------------|---------------|-------------|-----------------------|-------------|---------------|-------------|
| | TURNOVER | | Closing stock | | TURNOVER | | Closing stock | |
| | Qty | Value | Qty | Value | Qty | Value | Qty | Value |
| Cine Film Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| X-Ray : Produced : | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Roll Film : Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Photo Paper: Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 1.93 |
| Gr. Arts : Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indl X-Ray-Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Magnetic Tape : Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chemical Produced (in Tons) | 0.00 | 0.00 | 0.00 | 0.00 | 0.288 | 0.54 | 0.00 | 0.00 |
| Misc : Produced | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.90 | 0.00 | 1.28 |
| TOTAL | | 0.00 | | 0.00 | | 0.54 | | 3.21 |

30. Notes on Financial Statement for the year ended 31st March 2016 (Continued)

30 (d) Information regarding Remuneration

(₹ in Lakh)

| | 2015-16 | 2014-15 |
|---|---------|---------|
| 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)

| | 2015-16 | 2014-15 |
|---|---------|---------|
| i. | | |
| Raw Materials | --- | --- |
| Components and Spare Parts | --- | --- |
| Capital Goods | --- | --- |
| ii. Value of Raw Materials, Stores and Spare Parts Consumed | | |

| | 2015-16 | | 2014-15 | |
|------------------------|-----------|---------------------------|-----------|---------------------------|
| | ₹ 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 | 7.52 | 100.00 |
| Stores and Spare Parts | | | | |
| - Imported | 0.00 | 0.00 | 0.00 | 0.00 |
| - Indigenous | 0.00 | 0.00 | 0.00 | 0.00 |

(Rs. in Lakh)

| | 2015-16 | 2014-15 |
|--|---------|---------|
| iii. Expenditure in Foreign Currencies (Cash Basis) | --- | --- |
| iv. Earnings in Foreign Exchange Export of Goods (FOB) | --- | --- |

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

Figures in the brackets in accounts reflect negative balance.

31. ACCOUNTING POLICIES

1. GENERAL:

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

2. FIXED ASSETS:

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

3. INTANGIBLE ASSETS:

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

4. DEPRECIATION:

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

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

14. REVENUE RECOGNITION:

- i. 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.

PHILIP JOHN

General Technical Manager/
Unit Chief

S. GIRISH KUMAR

Director Finance &
Chairman cum Managing Director

A.K. DEORI

Director

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

Place : Coimbatore

Date : 19.8.2016

R.GIRI

Senior Partner

M. No: 025458

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**(₹. IN THOUSAND)**

| Particulars | As on 31/03/2016 | As on 31/03/2015 |
|--|------------------|------------------|
| I Operating Activities: | | |
| Net Profit / (Loss) before Tax and After Extra Ordinary Items and Prior Period Items | (25279186) | (21627670) |
| Add: Non Operative and Non Cash Items Debited to Profit & Loss A/c. | | |
| Depreciation and Amortisation | 314137 | 314131 |
| Finance Cost | 24419214 | 20758451 |
| Extra Ordinary Items | 432927 | 408585 |
| | 25166278 | 21481167 |
| Less: Non Operative and Non Cash Items Credited to Profit & Loss A/c. | | |
| Other Income | 15705 | 15988 |
| | (15705) | 15988 |
| Cash Outflow from Operating Activities before changes in Working Capital. | (128613) | (162491) |
| Increase in Trade Payables | (342) | 7265 |
| Increase in Other Current Liabilities | 8021739 | 6881979 |
| Increase / (Decrease) in Short Term Provisions | - | - |
| Decrease in Inventories | 773 | 1465 |
| Decrease in Trade Receivables | (194) | 797 |
| Increase of Short Term Loans and Advances | (31198) | (32505) |
| Decrease / (Increase) in Other Current Assets | 6948 | (6602) |
| Inflow / (Outflow) of Cash from Operating Activities. | 7869113 | 6689908 |
| Extra Ordinary Items | (432927) | (408585) |
| Net Inflow / (Outflow) of Cash from Operating Activities. | 7436186 | 6281323 |
| II Investing Activities | | |
| Purchase of Fixed Assets | (44) | - |
| Long term Advances to Employees and Others | 3 | 1,500 |
| Income from Other Investments | 15705 | 15988 |
| Net Inflow / (Outflow) of Cash from Investing Activities | 15664 | 17488 |
| III Financing Activities | | |
| Proceeds from Issue of Shares | - | - |
| Proceeds from Short Term Borrowings | 16609401 | 14923291 |
| Finance Cost | (24419214) | (20758451) |
| Net Inflow / (Outflow) of Cash from Financing Activities | (7809813) | (5835160) |
| Net Inflow of Cash | (357963) | 463651 |
| Add: Opening Balance of Cash and Cash Equivalents | 497524 | 33873 |
| Closing Balance of Cash and Cash Equivalents | 139561 | 497524 |

PHILIP JOHN
General Technical Manager/
Unit Chief

S. GIRISH KUMAR
Director Finance &
Chairman cum Managing Director

A.K. DEORI
Director

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

Place : Coimbatore
Date : 19.8.2016

R.GIRI
Senior Partner
M. No: 025458

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Financial Statements of M/s. Hindustan Photo Films Manufacturing Company Limited ("the Company"), which comprises Balance sheet as at March 31, 2016, 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 internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our Audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made 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 management , 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 ₹.12491.63 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 ₹.11980.52 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 31.03.2016 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 non treatment of the loss that may arise on disposal of certain plant and machinery included in fixed assets which are no longer required and steels, valves and pipe fittings relating to Polyester Plant identified as surplus and/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 liability 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 ₹.82.876 lakhs , 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.*
- XI. *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.*
- XII. *The Company is providing Depreciation at the rates prescribed in the Companies Act, 1956 and not as per useful life as required by the Companies Act 2013.*

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 ₹.2527.91 Crore and a cash loss of ₹.2496.49 Crore in the current year.*
- XIV. *The accumulated losses as on 31.03.2016 stand at ₹.17641.85 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. A final decision is awaited .*

In the meantime, based on the recommendations of the BRPSE, the CCEA during Feb 2014 has recommended 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. VRS at 2007 Notional scale has been implemented in the Company from January 2015. 416 employees have been relieved on VRS as on 31st Mar 2016.

- XVII. *The company's Current Liabilities have exceeded its Current Assets by ₹17250.79. Crores.*
- XVIII. *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.*
- XIX. *The company's key financial ratios are quite adverse and consistently posting substantial negative cash flows from operations.*

XX. *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

(a) In case of the Balance sheet, of the state of affairs of the Company as at 31st March 2016

(b) in case of the Statement of Profit and Loss of the company for the year ended on that date.

(c) and its Cash Flows for the year ended on that date:

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 (the order) issued by the Central Government of India in terms of sub-section 11 of section 143 of the 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 obtained all information and explanations 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 Balance Sheet, Statement of Profit and Loss and cash flow statement 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 estimated provision for leave encashment of Rs. 558.396 lakhs which has not been certified by actuary.
 - e. On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

- g. The matter described in the Basis of Qualified Opinion paragraph above, in our opinion may have an adverse effect on the functioning of the Company and
- h. With respect to the other matters to be included in the Auditors Report 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 GIRI & CO.,
Chartered Accountants.
Firm Registration Number: 006702S

Date :19.8.2016
Place: Coimbatore

R.GIRI
Senior Partner
M. No: 025458

ANNEXURE –“A” TO THE AUDITORS' REPORT

The Annexure “A” referred to in our report to the members of **M/s. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED** on the financial statements for the year ended 31st March, 2016. We report that:

i) In respect of Fixed Assets :

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

ii) In respect of Inventories :

In our opinion and according to the information and explanations given to us during the course of audit, Physical verification of all raw materials, Work in progress, 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.

- iii) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit, the Company has not granted loans, secured or unsecured, to Companies, firm LLP's or other parties, listed in the Register maintained Under Section 189 Of the Companies Act,2013.
- iv) According to the information and explanations given to us, In respect of loans, investments, Guarantees and security the provisions of section 185 and 186 of the companies Act, 2013 have been complied with.
- v) The Company has not accepted any deposits from the public.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the goods manufactured by the company

vii) (A) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit , the undisputed statutory dues including provident fund, Income Tax (TDS) and other statutory dues, have not been regularly deposited with the appropriate authorities and there have been delays and there were arrears outstanding for a period of more than 6 month as on the last day of the financial year ended 31st March,2016.

| Nature of Statute | Nature of dues | Amount (in lakh) | Period to which the amount relates | Due date for payment/Remittance | Date of payment |
|----------------------------|---|-------------------|------------------------------------|---------------------------------|-----------------|
| 1.Income Tax Act, 1961 | R&D Cess | 4.94 | 1992-93 | 1992-93 | Not yet paid |
| 2.Companies Act, 2013 | Unpaid principal and Interest on HPF 'A' series Bonds shown under Investor Education and protection Fund. | 35.96 | 1994-95 | 30.01.2002 | Not yet paid |
| 3.Employees Provident Fund | PF Own Contribution | 47.75 | April 15 to March 16 | May 2015 to April 2016 | Not yet paid |
| | PF Voluntary Contribution | 73.26 | April 15 to March 16 | | |
| | PF Company's Contribution | 27.24 | April 15 to March 16 | | |
| | PF Advance Recoveries. | 49.56 | April 15 to March 16 | | |

B) In our opinion and according to the information and explanations given to us and records examined by us during the course of audit, there are no dues of Income Tax, wealth Tax, Sales Tax, Customs Duty, Excise Duty and Service tax as at 31st March 2016, which have not been deposited on account of dispute.

- viii) In our Opinion and according to the information and explanations given to us and the records examined by us, the Company has defaulted in repayment of dues to financial institutions and banks as at Balance sheet date. The period and amount of default is reported in Annexure -1.
- ix) The company did not raise money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no fraud by the company or fraud on the company by its officers or employees noticed or reported during the year.
- xi) According to the information and explanations given to us and the records examined by us, no managerial remuneration has been paid or provided during the year by the company.
- xii) In our opinion and according to the information and explanations given to us, the

Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- xiii) According to the information and explanations given to us and the records examined by us, all transactions with the related parties are in compliance with sec.177 and 188 of Companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and the records examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) According to the information and explanations given to us and based on the records examined by us, the company has not entered into any non cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(R.Giri)
Senior Partner
M.No 025458

Dated:-19.08.2016
Place :- Coimbatore

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **M/S. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED** as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Dated:-19.08.2016
Place :- Coimbatore

(R.Giri)
Senior Partner
M.No 025458

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

Referred to in clause vii 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, 2016.

(₹. IN THOUSAND)

| Names of Lenders / Bond holders | Principal Amount outstanding and overdue as on 31.3.2016 | Interest Amount outstanding and overdue as on 31.3.2016 | Due date for repayment in respect of each borrowing / debenture holder |
|--|---|--|--|
| HPF Bonds 'A' series | 1211103 | 4231205 | 30 th Jan 1995. In respect of UTI- bonds 30 th Jan 1998. |
| UTI Funded Interest Loan | 85398 | 451103 | The entire amount is overdue as on 31st March, 2016 |
| Cash Credit- | | | |
| State Bank of India | 1370815 | 60123555 | |
| Syndicate Bank | 104703 | 5760078 | |
| Indian Overseas Bank | 239464 | 10333353 | |
| State Bank of Patiala | 99129 | 4277253 | |
| State Bank of Travancore | 201177 | 6157947 | |
| Indian Bank | 20085 | 414191 | |
| Canara Bank | 35892 | 2410572 | |
| Letters of Credit: | | | |
| Canara Bank | 28036 | 1924619 | |
| Indian Bank | 15556 | 950512 | |
| Citi Bank | 36302 | 407332 | |
| Bridge Loans from banks | 769657 | 34657147 | |
| DPG Loan from SBI | 191425 | 8343383 | |
| Unsecured Loans: | | | |
| Term Loans: | | | |
| Canara Bank | 8648 | 966141 | |
| State Bank of India | 108972 | 4852139 | |

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143
(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN
PHOTO FILMS MANUFACTURING CO. LTD FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2016 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 19.8.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6)(a) of the Act of the financial statements of **Hindustan Photo Films Manufacturing Co. Ltd**, for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report.

**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: 02.11.2016

10 Fixed Assets

Rs. In Thousand

| Particulars | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | NET BLOCK | |
|---|---------------------|-----------|----------|---------------------|---------------------------|---------------|---------------------|---------------------|---------------------|
| | As on 01.04.2015 | Addition | Deletion | As on 31.03.2016 | As on 01.04.2015 | For the year | As on 31.03.2016 | As on 31.03.2016 | As on 31.03.2015 |
| Tangible Assets | | | | | | | | | |
| Land Free hold & Lease Hold* | 1118 | 0 | 0 | 1118 | 0 | 0 | 0 | 1118 | 1118 |
| Roads & Approaches | | | | | | | | 0 | 0 |
| -Free Hold | 2315 | 0 | 0 | 2315 | 1038 | 23 | 1061 | 1254 | 1277 |
| -Lease hold | 239 | 0 | 0 | 239 | 80 | 3 | 83 | 156 | 160 |
| Buildings | 249369 | 0 | 0 | 249369 | 161510 | 6938 | 168448 | 80921 | 87859 |
| water works | 58561 | 0 | 0 | 58561 | 50328 | 2653 | 52981 | 5580 | 8234 |
| Electrical Installations | 149516 | 0 | 0 | 149516 | 126794 | 6234 | 133028 | 16488 | 22720 |
| Plant & Machinery@ | 6627606 | 0 | 0 | 6627606 | 5700564 | 297021 | 5997585 | 630021 | 927042 |
| Laboratory Equipments | 31341 | 0 | 0 | 31341 | 26169 | 459 | 26628 | 4713 | 5172 |
| Office Misc. Equipments | 26568 | 44 | 0 | 26612 | 23510 | 710 | 24220 | 2392 | 3058 |
| Furniture, Fixture, Fittings | 6008 | 0 | 0 | 6008 | 5522 | 67 | 5589 | 419 | 486 |
| Motor Vehicles | 5074 | 0 | 0 | 5074 | 4718 | 30 | 4748 | 326 | 356 |
| Current Year total | 7157715 | 44 | 0 | 7157759 | 6100233 | 314138 | 6414371 | 743388 | 1057482 |
| Previous Year Total | 7157715 | 0 | 0 | 7157715 | 5786102 | 314131 | 6100233 | 1057482 | 1371613 |
| <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. # Plant and Machinery includes ₹. 1181 thousand Assets being kept for disposal.</p> | | | | | | | | | |