

HMT (INTERNATIONAL) LIMITED

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BOARD OF DIRECTORS

Shri S. Girish Kumar	Chairman
Shri Vishavajit Sahay	Director (from 03.02.2015)
Shri Rajesh Kumar Singh	Director (upto 03.02.2015)
Shri Sumanth Chaudhuri	Director
Shri S. Girish Kumar	Managing Director
Shri P. Udaya Sankar	Director (upto 01-11-2015)

AUDITORS

M/s K. Channabasappa & Co.,
Chartered Accountants
Bangalore

BANKERS

UCO Bank
Bank of Maharashtra
Indusind Bank
Punjab National Bank
Syndicate Bank
Bank of India

REGISTERED OFFICE

“HMT BHAVAN”
59, Bellary Road
Bangalore 560 032

PERFORMANCE HIGHLIGHTS

(₹ in Million)

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATING STATISTICS										
Sales, Stock accretion & Other Income	347.72	286.71	415.02	370.44	311.65	325.02	171.76	260.75	342.48	207.69
Interest Income	27.71	24.78	29.45	26.79	18.33	21.90	18.96	17.90	12.78	1.76
	375.43	311.49	444.47	397.23	329.98	346.92	190.72	278.65	355.26	209.45
Purchases	224.95	179.62	239.85	207.16	180.95	190.71	115.13	185.90	238.42	118.64
Employees Costs	64.81	77.27	45.62	48.67	35.19	31.77	20.69	19.95	28.76	22.40
Other Operating Costs	67.64	47.86	88.60	121.95	108.82	82.69	40.23	59.55	69.58	55.29
Depreciation	1.46	1.78	1.86	1.86	1.77	1.75	1.84	2.03	2.00	2.15
	358.86	306.53	375.93	379.64	326.73	306.92	177.89	267.43	338.76	198.48
Gross Profit	16.57	4.96	68.54	17.59	3.25	40.00	12.83	11.23	16.50	10.97
Interest	0	0	0.04	0.20	0.10	0.40	0.20	1.01	0.15	1.18
Net Profit Before Taxes (<i>after prior period</i>)	16.57	4.96	68.50	17.39	3.15	39.60	12.63	10.22	16.35	9.79
Taxes & Deferred Tax	11.39	3.92	23.65	3.91	1.07	12.99	2.07	1.75	2.68	3.81
Profit After Taxes	5.18	1.04	44.85	13.48	2.08	26.60	10.55	8.47	13.67	5.98
FINANCIAL POSITION										
Current Assets	473.91	385.78	467.07	488.79	381.93	392.03	320.09	301.16	362.36	261.84
Current Liabilities & Provision	213.57	118.37	201.80	258.6	165.03	175.88	127.89	122.09	191.00	96.14
Net Working Capital	260.34	267.41	265.27	230.19	216.90	216.15	192.20	179.07	171.36	165.70
Net Fixed Assets	52.14	54.89	56.63	48.39	49.67	49.76	50.79	52.63	53.12	55.12
Investments	0	0	0	0	0	0	0	0	0	2.97
Capital Employed	312.48	322.30	321.90	278.58	266.57	265.91	242.99	231.70	224.48	223.79
Borrowings	0	0	0	0	0	0	2.18	0	0	5.00
Deferred Tax Liability	12.14	11.92	11.70	11.55	11.35	11.09	10.90	10.68	10.24	10.01
Net Worth	300.34	310.38	310.20	267.03	255.22	254.82	229.91	221.02	214.24	208.78
DATA ON EQUITY CAPITAL										
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	4.80
Reserves	305.28	303.19	303.00	259.82	248.02	247.63	222.71	213.83	207.04	203.98
Retained Earnings	0.76	0.31	43.22	11.84	0.53	25.00	8.88	6.78	5.46	5.87
Dividend - Normal	1.44	0.72	1.44	1.44	1.44	1.44	1.44	1.44	1.44	0.96
- Special	0.00	-	-	-	-	-	-	-	5.76	
Dividend(%) - Normal	20	10	20	20	20	20	20	20	20	20
- Speical	-	-	-	-	-	-	-	-	80	
OTHER STATISTICS										
Cash Flow	6.64	2.82	46.71	15.34	3.85	28.35	12.39	10.50	15.67	8.13
Turnover / Working Capital Ratio	1.34	1.07	1.56	1.61	1.44	1.50	0.89	1.46	2.00	1.25
Return on Capital (%)	5.30	1.54	21.29	6.31	1.22	15.04	5.28	4.85	7.35	4.90
Number of Employees	40	52	59	60	59	61	61	62	65	68
Per Capita Sales	8.35	4.82	5.78	5.40	4.73	5.05	2.68	4.03	4.84	2.19

* Includes Extra Ordinary Item ₹ .32.92 and ₹ .28.33 million during the Financial Year 2010-11 & 2011-12 respectively

DIRECTORS' REPORT

TO

**The Members,
HMT (INTERNATIONAL) LIMITED
BANGAORE**

The Board of Directors have pleasure in presenting the 41st Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2014-15 along with Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached to this Report.

1. Financial summary or highlights/Performance of the Company

(₹ Lakhs)

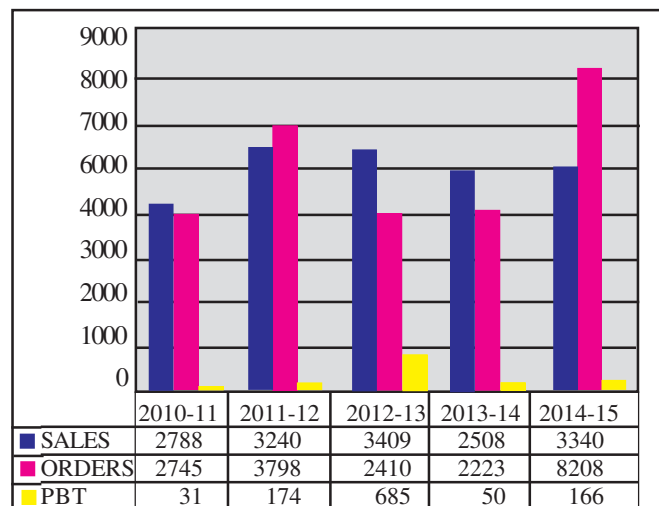
Particulars	2014-15	2013-14
Gross Income from Operations	1040.00	1008.00
Profit Before Interest and Depreciation	180.30	67.29
Finance Charges	-	-
Gross Profit	180.30	67.29
Provision for Depreciation	14.63	17.77
Net Profit Before Tax	165.67	49.52
Provision for Tax	113.89	39.16
Net Profit After Tax	51.78	10.36
Balance of Profit brought forward	3.07	1.13
Balance available for appropriation	54.85	11.49
Proposed Dividend on Equity Shares	14.40	7.20
Tax on proposed Dividend	2.88	1.22
Transfer to General Reserve	30.00	-
Surplus carried to Balance Sheet	7.57	3.07

2. Brief description of the Company's working during the year / state of Company's affair

The year 2014-15 witnessed a quantum jump in the performance of your Company in terms of sales and orders. The Turnover during the year at gross levels was ₹ 3340 Lakh as against Rs.2508 Lakh recorded in the previous year, i.e. 2013-14 registering a growth of 33% compared to the previous year. The Order procurement during the

year stood at ₹ 8208 Lakh as against ₹ 2223 Lakh achieved in the Previous Year. This is a remarkable achievement of the company over the past several years. With the Turnover of ₹ 3340 lakhs, your Company was able to generate the Profit Before Tax (PBT) at ₹ 166 Lakh as against Rs.50 Lakh which has been a substantial increase as compared to the previous year, thereby continuing the trend of profits.

₹ Lakhs



2.1 Product-wise Achievements

2.1.1 Machine Tools

During the year, orders valued Rs. 672 lakh for supply of various HMT Machines to Dubai / UAE were executed covering the following machines :

- 1 No each of RD63 and RD65
- 1 No. SBCNC60/3000
- 1 No. each of NH32/2000 and NH26/1500
- 2 Nos. ECONOCNC 26 – Caracas
- 1 No. SBCNC30/2500
- 1 No. each of L45/3000 and L70/400

▪ High value order amounting to Rs.1,700 lakhs received from Kuwait for supply of 1 No. each of CNC VTL Lathe, Floor Boring Machine and Radial Drilling Machine. CNC VTL and Radial Drilling Machines have been commissioned at site.

▪ One more high value order worth Rs. 344 lakhs was received from JIFCO, Jordan and executed during the year, covering various Workshop maintenance Machines such as NH Lathes, L series Lathe, RD machine, Milling Machine, Hydraulic Press, shaping machine etc.,.

- 1 No. STALLION 100S valued Rs.33 lakhs was supplied to Bahrain.
- Apart from the above, one off orders were executed covering HMT Radial Drilling Machine RD63, HMT High Speed Precision Lathe Model NH32/2000 were supplied to Australia and Zambia valued Rs. 45 lakhs.
- An MoU was signed during June 2014 with M/s Scooters India Ltd., Lucknow for implementation for CAPEX machinery and equipment, valued around Rs. 3,000 lakhs.

Marketing Efforts

The Company has planned the following sales promotion / market development initiatives with an intent to increase its market presence :

- To pursue with the manufacturing units of HMT MTL to upgrade the niche products.

2.1.2 Projects & Services

- The major thrust area for the Company is the Projects and Services. An Agreement was signed during October 2014 with MEA for carrying out five years comprehensive Maintenance plan valued Rs.369 lakh for IMITC Project in Pakokku, Myanmar. The project for setting up of IMITC, Pakokku, valued Rs.1441 lakh, was implemented by the Company during the year 2010.
- Order received from MEA for Training of 100 African Personnel in different trades, on behalf of MEA. The project is valued Rs.185 lakh. Two batches of training for 56 trainees have been completed upto 31st March 2015.
- An Agreement was signed during September 2014 with MEA for implementation of the project “supply of Technical & Vocation Education Training (TVET) equipment and providing training services to VTCs in Yatta and Hebron” in Palestine, valued Rs.702 lakh.
- An Agreement was signed during September 2014 with MEA for “upgradation of modernization of Turkmen India Industrial Training Center, Ashgabat, Turkmenistan (TIITC)”, valued Rs.490 lakh.

- Agreement was signed in Sept 2014 with MEA for upgradation and modernization of Rajiv Gandhi School of Product & Art, Ulaanbaatar, Mongolia (II Phase), valued Rs.910 lakh.

Following field studies, funded by MEA, were conducted by the Company :

- Setting up of Indo-Tajik Industrial Training Center at Tajik Technical University, Dushanbe, Tajikistan.
- Indo-Belize Centre for Engineering in Belize
- Indo-Jamaica Vocational Training Centre in Jamaica
- Technical Teachers Training Centre in Eritrea
- Vocational Training Centres in Bangladesh
- Vocational Training Centre in Sudan
- Upgradation of Vocational Training Centre for Construction Sector (VTCCS), Banda Aceh, Indonesia

2.2 Sale of Imports

With a view to give an added thrust to the performance, your Company has sought to increase the portfolio for this business segment by imports on behalf of customers including HMT Group Companies. During the year, products valued Rs.463 lakh was imported and supplied, as compared to Rs.607 lakh supplied during the Previous Year.

2.3 Strategies

The Company will focus on high value orders for machine tools in the target markets, Middle East, African countries, etc. and continue to make aggressive marketing efforts. Besides, the Company will continue to follow different marketing strategies to improve the Order book position for which various product-wise strategies have been drawn up.

Another strategy being adopted by the Company is to pursue for Non-MEA (Non Govt Sponsored) Projects and also pursue for more share of the MEA projects by identifying new project opportunities in Countries like Palestine, Indonesia, Myanmar, Tajikistan, Zimbabwe, Sri Lanka, Nepal, Bangladesh, Mongolia, etc.

2.4 Marketing efforts

The Company has planned the following sales promotion/ market development initiatives with an intent to increase its market presence:

- To pursue with the manufacturing Units of HMT MTL to upgrade the niche products.
- Pursue with MEA for more share in the grant in aid projects
- Focus on high value machine tools in the target markets.
- Enter into tie-ups with machine tool manufacturers in India for exports.
- Pursue Non-MEA Projects and for more share in MEA projects
- Identify fresh project opportunities in Palestine, Mangolia, Myanmar, Tajikistan, Sri Lanka, Nepal, Bangladesh, etc.
- Participating in all global tenders of African countries like Ethiopia, Zimbabwe, etc.
- Tie-up with other Industrial Houses and Agencies to widen the basket for taking up of new projects and build on the expertise gained in the implementation of Vocational Training Center (VTC) projects.

2.5 Performance details

₹ Lakhs

Particulars	2014-15	2013-14
Sales Turnover		
HMT Products & Technical Services	966	1102
Agency & Others	800	210
Projects & Services	1111	589
Sale of Imports	463	607
Total	3340	2508

3. Dividend

Considering the levels of profitability achieved during the year, the Board of Directors have recommended for payment of dividend at the rate of 20% (Rs. 2/- per equity share), on the paid up equity share Capital of Rs.72 lakh, subject to tax for the year 2014-15.

The Company has been paying dividend consistently over the years to the Holding Company.

4. Reserves

An amount of Rs.30 lakh has been transferred to General Reserve account.

5. Share Capital

The Authorised Share Capital of the Company is Rs.800 Lakh and the Paid up capital is Rs.72 Lakh

6. Fixed Deposits

The Company did not accept any fixed deposits during the year, and as such there was no outstanding Fixed Deposits at the beginning/end of the year.

7. Directors and Key Managerial personnel

Vide Presidential Order No.5(8)/2010-P.E.X dated February 3, 2015 issued by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Shri Vishvajit Sahay has been appointed as the Part-time Official Director of the Company with immediate effect, until further orders vice Rajesh Kumar Singh.

Shri Vishvajit Sahay is proposed for appointment as Director in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

The Board placed on record its appreciation for the valuable services rendered by Shri R.K. Singh whose term of Office ended during the year.

8. Particulars of Employees

The total number of employees as on March 31, 2015 stood at 40 (including 3 Scheduled Castes, 3 Scheduled Tribes).

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. Meetings

During the year four Board Meetings were convened and held the details of which are given in the Corporate Governance Report. The intervening gap between the Meeting was within the period prescribed under the Companies Act, 2013.

10. Auditors

M/s K. Channabasappa & Co., Chartered Accountants, Bangalore were re-appointed by the C&AG as Statutory Auditors of the Company for the financial year 2014-15.

11. Auditors' Report

The Statutory Auditors have submitted Independent Auditor's Report along with Addendum to Independent Auditor's Report for the year 2014-15. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

12. Internal Audit & Controls

The Company has engaged M/s Ramnarain & Company, Chartered Accountants, Bangalore, as Internal Auditors for the year 2014-15. During the year the Company continued to implement their suggestions and recommendations for improvement of systems.

13. Implementation of Official Language

Your Company continued to pursue its efforts in the implementation of the Official Language Policy of the Government. Towards this end, cash awards have been given to employees on passing various Hindi examinations.

14. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Particulars with respect to 'conservation of energy and technology absorption' are not furnished since the Company is not engaged in any manufacturing activity.

15. Foreign Exchange Earnings and Outgo

The details of foreign exchange earned and the outgo thereof is detailed below :

₹ Lakhs

No.	Particulars	2014-15	2013-14
1.	Foreign Exchange earned		
	FOB value of Exports	1686	1237
	Services	7	-
	TOTAL	1693	1237
2.	Outgo of Foreign Exchange Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	506	665

16. Human Resources

The Company aims at continuous up-gradation of skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customer base of your Company. Your Company has undertaken a number of training initiatives during the year covering Junior and Middle-level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility and to promote creativity and innovation. Several employees were also deputed for external training programmes.

17. Vigilance Activities

The Company has adopted a pro-active approach to bring vigilance awareness among employees, vendors and customers. A Vigilance Cell is functioning in the Company to keep a watchful eye from the vigilance angle on the overall activities of the Company. System improvement and intensive examination of high value contracts and purchases continued to be the thrust areas for the Vigilance Administration during the year. Important procedures were reviewed and wherever required further simplification has been undertaken for faster and transparent decision-making. Guidelines of the Central Vigilance Commission (CVC) are being complied with / followed by the Company.

18. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- ✓ that in the preparation of the annual financial statements for the year ended 31.03.2015, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made 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 statement of profit and loss of the Company for the year ended on that date;
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;
- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;
- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ✓ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no

specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

19. Acknowledgements

The Directors are thankful to HMT Limited, the Holding company and its Subsidiaries, various Ministries of the Government of India, especially the Ministry of Heavy Industries & Public Enterprises, Ministry of Commerce, Ministry of External Affairs and Comptroller & Auditor General of India, Principal Director, Commercial Audit, Statutory Auditors, Internal Auditors, ECGC, Reserve Bank of India, the Company's Bankers, Agents and the valued Customers for their continued support and confidence in the Company.

The staff of the Company displayed a high level of commitment and dedication to the pursuit of business growth. The participative and professional work culture has consistently remained a source of strength for the Company. The Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the operations of the Company during the year.

For and on behalf of the Board of Directors

Chairman

Place: Bangalore

Date:

MANAGEMENT DISCUSSION & ANALYSIS

A. EXPORT SECTOR & STRATEGY

The overall export growth was better during the year 2014-15 than the corresponding period of 2013-14. The growth impulse mainly emanated from the engineering goods and services. However, there was little decline in exports due to an economic slowdown in many countries.

The growth momentum and export competitiveness has picked up as government has instilled greater confidence among businesses. The improved outlook and pro-active policy environment will help boost exports and bring India on the trajectory of greater economic growth.

The economy has emerged with a promising economic outlook for the year 2015-16 on the back of controlled inflation, decline in oil prices and reforms among others. The World Trade Organisation has projected a slightly faster growth at 5.3 per cent in 2015 against 4.7 per cent in 2014.

The key driver for increased engineering exports has been the shifting of global manufacturing bases to countries such as India that offer lower costs and good engineering aptitude.

Products and Projects are the major thrust areas for the future growth in turnover of the Company. The Projects have been implemented on turnkey basis without cost and time overrun that involved supply of machines and equipment, installation & commissioning, training in India in the reputed established institutions and on-the-job training at project site by HMT(I) experts besides technical assistance in management.

The Company has requisite experience and capabilities in the following areas, which are offered to developing and under-developed countries under MEA assisted programmes.

1. Entrepreneur & Technical Development Centre
2. Vocational Training Centers
3. Information Technology Centers
4. Small & Medium Enterprises Development Centre
5. Tool Rooms for Engineering manufacturing establishments
6. Common Facility Centre
7. Workshops/Laboratories for Engineering / Educational Institutions

8. Agricultural Development Projects
9. Setting up of Mineral water projects
10. Lamp chains

In the area of Technical Training, the Company has carved a niche for itself by setting up various Vocational Training Centers, Advanced Training Centers, Entrepreneur Technical Development Centers and now IT Training Centers geared to meet the technical skill and infrastructural needs of the Country and engineering industry complexes.

Trading

HMT(I) offers a wide range of bearings, components, workshop equipment, Pumps & Compressors, Laboratory equipment, X ray films and processing chemicals and commodities

Its unique approach has resulted (culminated) in international recognition and a global clientele, underlining its increased reliability and superior quality. HMT International continues to strive in its endeavour of technical advancement in developing world.

B. STRENGTH AND CONSTRAINTS

Strengths

Products

- ❖ Backed up by HMT's strong technological base and formidable resources over the years, the Company has come to be recognised as a reliable source for Machine Tools and Tractors.
- ❖ Wide experience in exports since three decades.
- ❖ Exported more than 18500 machine tools, 2000 tractors and 14 lakh watches
- ❖ Marketing network in 40 countries and exports to over 75 countries
- ❖ Products are based on technical know-how acquired from world leaders
- ❖ Executed major Agricultural Development Project
- ❖ Keeping in view the technological trend, the Company has been continuously diversifying its activities. The business portfolio has been expanded to include agricultural & industrial commodities, construction materials, computer systems & IT services.

- ❖ Faster after-sales service and spares supply.

Projects & Services

- ❖ Proven experience in a spectrum of engineering fields, covering manufacturing, maintenance and execution of turnkey projects in the international market. The Company offers a comprehensive package of consultancy, technical and engineering services from concept to commissioning on turnkey basis.
- ❖ Backed by technical and skilled manpower from the Group Companies of HMT.
- ❖ Successfully executed projects in areas not entirely within HMT's domain (Fruit Processing, Dairy, Cashew nut processing, manufacture of Water Meter & Welding Rod and Information Technology Centers).
- ❖ Core competence in execution of Training and Tool room Projects
- ❖ Technically qualified & experienced team for execution of projects

CONSTRAINTS**Products**

- ❖ Market reach is limited by resources
- ❖ Lack of competitive edge vis-à-vis low cost countries (China, Taiwan)
- ❖ Re-orienting the Company to global market takes time due to past concentration on Indian market
- ❖ Free access to international market directly by manufacturers and other traders increases competitive pressures
- ❖ Higher interest rates still high in relation to developed countries making our products less competitive
- ❖ More response time for enquiries & tenders due to complex purchase procedures.

Projects & Services

- ❖ Company's core strengths not known adequately abroad
- ❖ Company's network of high level Industrial/commercial contacts not adequate

- ❖ Mainly dependent upon MEA projects
- ❖ Lack of aggressive agents in many countries.

C. OPPORTUNITIES**Products & Projects**

- ❖ New opportunities in engineering and services exports have opened up through globalization
 - ❖ Vast opportunity in Africa for medium technology and medium priced goods to replace high technology western goods
 - ❖ Presence of Indian managers helps in promotion of Indian exports
 - ❖ As protective trade tariffs come down, new opportunities will open up in export of non-traditional goods and services such as machine tools, tractors and agricultural equipment
 - ❖ Increasing stress on agriculture in African countries brings large opportunities for export of Tractors and agricultural equipment
 - ❖ Stress on industrialization in developing countries opens up market for export of Machinery and engineering and technical services
 - ❖ Free trade under WTO regime creates new opportunities
- D. THREATS**
- ❖ Non-competitive prices and delivery slippages pose a threat to keeping customers abroad.
 - ❖ Cumbersome procedures make decision making a difficult and time consuming process.
 - ❖ Emergence of China and East European manufacturers with aggressive marketing is a major threat to company's exports.
 - ❖ Tendering of projects by MEA.

Segment wise / Product wise performance

Product wise Performance: The product-wise sales for the year 2014-15 of the Company is as under-

Sector	Val. ₹ Lakhs
Machine Tools	1733
Watches	33
Projects & Services	1111
Trading & sales of Imports	463
Total	3340

E. OUTLOOK

Presently the Company is exporting Machine Tools, which forms a small quantum of its business, only to Middle East and African countries. It is necessary for the Company to explore new markets to increase its sales. Indian engineering exports to Saudi Arabia, Thailand, the Netherlands, Malaysia, Bangladesh and Egypt have also seen significant rise in the recent years. South East Asian market is attractive in terms of export of Machine Tools. This market depends mainly on imports to meet its machine tools equipment demand. Marketing of Machine Tools manufactured by other Indian manufacturers will be considered wherever HMT Machine Tools Limited is not able to meet the technical or commercial requirements. The company would tie-up with export organizations and Companies to widen the basket for marketing project expertise. New opportunities, such as outsourcing of engineering goods and services, new product design, product improvement, and maintenance and designing of manufacturing systems, are providing fresh growth avenues.

F. RISKS AND CONCERNS

- ❑ Steep depreciation of Indian Rupee against US Dollar has adversely affected the market for Machine Tools, Tractors, Watches and Trading activity, which are extremely price sensitive and the Company's already slender margins are eroded.
- ❑ Delays in deliveries and non competitive prices of machine tools
- ❑ Non realization of major orders for projects due to non-compliance of commercial terms

- ❑ Higher HP tractors (>75HP) and 4WD versions and wet-brake systems required for exports
- ❑ Elaborate purchase procedures delaying the processing of project procurements.
- ❑ Tendering by MEA instead of nomination in awarding projects.

G INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate systems of Internal Control commensurate with its size and nature of its operations. The salient features of internal control system are:

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized, recorded and reported correctly.
- Process for formulating and reviewing annual/aggregate and long term/ strategic business plans have been laid down.
- Detailed Annual budget giving further break up of monthly targets under various Heads.
- Compliance with Laws and Regulations
- Road Map of the Company made for the next 10 years.

H FINANCIAL PERFORMANCE

The Turnover of the Company during the year 2014-15 is Rs.3340 Lakh as compared to Rs.2508 Lakh of the previous year. During the year, the Company has generated a profit of Rs.166 Lakh (PBT) as against a profit of Rs.50 Lakh (PBT) during the previous year.

I HUMAN RESOURCES

The manpower of the Company as on 31.03.2015 is 40. The standard force of the company is 71 and young professionals in the areas of Technical, and non-technical personnel for service departments like Finance, Commercial and marketing Resources were inducted on contract basis during the year 2014-15. The Company aims at continuous upgradation of skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customers base of your Company. The Company has undertaken a number of training initiatives during the year covering Junior and Middle-level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility.

J CORPORATE SOCIAL RESPONSIBILITY

HMT Group has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community. The Company make contributions towards maintenance of these services by HMT, the Holding Company.

A provision of Rs.8.0 Lakh has been budgeted in the Annual Operating Plans of the Company for the year 2015-16.

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Companies Act 2013, your Company hereby submits the report on Corporate Governance. The Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance.

Board of Directors

As on March 31, 2015, the Board of Directors comprised of Chairman, Managing Director and two part-time Official Directors. Currently the position of Part-time Non Official (Independent) Directors are vacant. The day-to-day Management of the Company is conducted by the Managing Director and under the supervision and control of the Board of Directors.

During the year 2014-15, 4 (Four) Board Meetings were held on May 29, September 1, December 30, in the calendar year 2014 and on March 10 in the calendar year 2015.

The compositions of Directors and their attendance at the Board Meetings and at other Meetings during the year are:

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meeting	General Meeting	Directorship	Committee	
					Membership	Chairmanship
S.Girish Kumar	ENI	4	Yes	7	-	-
Rajesh Kumar Singh	NENI	3	Yes	1	-	-
Sumanta Chaudhuri	NENI	0	-	5	-	-
Vishvajit Sahay	NENI	1		4	-	-
P.Udaya Sankar	ENI	2	Yes	2	-	-

C: Chairman & Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent,

Brief Resume of Directors appointed during the year 2014-15

Shri Vishvajit Sahay, Joint Secretary, Department of Heavy Industry has been appointed as Part-time Official Director, with effect from February 3, 2015. He has worked in various capacities as Director (Films), Ministry of Information and Broadcasting, Finance Manager in Acquisition Wing, Ministry of Defence, Sr. Dy. Controller General of Defence Accounts (Admn), Joint Controller General of Defence Accounts.

Committees of the Board

The Audit Committee of the Company has to be constituted and the Remuneration Committee of the Company to be constituted after the induction of the Independent directors on the Board of the Company by the Government. The Company has requested to the Administrative Ministry for the same.

Remuneration of Directors

Remuneration is payable to the independent Directors for attending each meetings of the Board and Committees.

General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Venue
2011-12	17.08.2012	10.00 A.M	At the Registered Office of the Company
2012-13	12.08.2013	3.00 P.M	—do—
2013-14	14.08.2014	3.00 P.M	—do—

Annual General Meeting for the current year has been scheduled on August 27, 2015 at the Registered Office of the Company.

Disclosures

There were no transactions of material nature with its Promoters, the Directors or the Management or their relatives which may have the potential conflict with the interest of the Company at large.

There were no other instances of non-compliance by the Company, penalties, strictures imposed on the Company by statutory authority, or any matter related to any guidelines issued by Government, during the last three years. None of the employee has been denied the access up to the senior level management.

Means of Communication

Being a wholly owned Subsidiary, Company submits financial results periodically to HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmti.com.

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U33309KA1974 PLC002707
- ii) Registration Date: 13/12/1974
- iii) Name of the Company: HMT (INTERNATIONAL) LIMITED
- iv) Category/Sub-Category of the Company: Company Limited by Shares / Union Government Company
- v) Address of the Registered office: HMT Bhavan, 59, Bellary Road.
and contact details Bangalore – 560 032
Ph.: 91-80-23339060
Fax: 91-80- 23339048
- vi) Whether listed company Yes/No: NO
- vii) Name, Address and Contact details: HMT Bhavan, 59, Bellary Road,
Bangalore – 560 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Export of goods & Services		100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ Joint Venture associate	
1	HMT Limited	L29230KA1953PTC000748	Holding	100

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31-03-2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF									
(b)	Central Government/State Government(s)									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0			100	0			100	0
	Sub-Total A(1) :	0			100	0			100	0
(2)	FOREIGN	NIL								
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	0			100	0			100	0
Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31-03-2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				
		Demat	Physical	Total	& of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(B)	PUBLIC SHAREHOLDING	NIL				NIL				
	Sub-Total B(1) :	-	-	-	-	-	-	-	-	-
(2)	NON-INSTITUTIONS	Nil				NIL				
	Sub-Total B(2) :	-	-	-	-	-	-	-	-	-
	Total B=B(1)+B(2) :	-	-	-	-	-	-	-	-	-
	Total (A+B) :									
(C)	Shares held by custodians, against which	NIL								
(1)	Depository Receipts have been issued Promoter and Promoter Group									
(2)	Public									
	GRAND TOTAL (A+B+C) :	0	NIL	NIL	100	0	NIL	NIL	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of Shares Shares of the company	% of Shares Pledged / encumbered to total shares	
1	HMT LIMITED		100	NIL		100	—	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)- No Change

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
At the beginning of the year	NA		NA	
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
At the End of the year				

(IV) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):NA

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
Not Applicable				

(V) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
Not Applicable				
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/sweat equity etc):	-NA-		No change	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-

* None of the Directors or Key Managerial Personnel is holding any shares in the Company

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

For each of the Directors and KMP excluding deposits	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2014</i>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
· Addition	Nil	Nil	Nil	Nil
· Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
<i>Indebtedness at the end of the financial year 31.03.2015</i>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Whole-time Directors:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri. S. Girish Kumar MDI	Shri P. Udaya Shankar	
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961(b) Value of perquisites u/s17(2) Income-tax Act,1961(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	26,08,440 3,83,368	15,61,482 2,33,766	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission- as % of profit- others, (W.A, EL & P. Bonus)	-	-	-
5.	Provident Fund	-	-	-
6.	Gratuity	-	-	-
7.	Medical Benefits	-	-	-
	Total (A)	29,91,808	17,95,248	-
	Ceiling as per the Act	-	-	-

B. Remuneration to other Directors:

Independent Directors : The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint Independent Directors to constitute mandatory committees and further to appoint a woman Director to comply with listing requirements and Companies Act 2103

<i>Particulars of Remuneration</i>	<i>Name of MD/WTD/ Manager</i>	<i>Total Amount</i>
- Fee for attending board/ committee meetings - Commission - Others, please specify	N.A	
Total (1)		
Other Non-Executive Directors		
<i>Particulars of Remuneration</i>		
Total (2)		
Total (B)=(1+2)		
Total Managerial Remuneration		
Overall Ceiling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER /WTD

<i>Sl. No.</i>	<i>Particulars of Remuneration</i>	<i>Key Managerial Personnel</i>		
		Shri. S. Girish Kumar MDI		Total Rs.
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others, please specify			
	Total			

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any
A. COMPANY					
Penalty			None		
Punishment			None		
Compounding			None		
B. DIRECTORS					
Penalty			None		
Punishment			None		
Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment			None		
Compounding			None		

Due to absence/inadequacy of profits the Company Could not take up any CSR Projects for the year 2014-15

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of HMT(International)Limited,

We have examined the compliance of conditions of Corporate Governance by HMT(International)Limited, ("the Company"), for the year ended on 31st March 2015, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises.

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.

The full complements of Independent Directors as required under Corporate Governance Guidelines have not been fulfilled and the Audit Committee was not re-constituted.

Subject to the above, 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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Guidelines.

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 K. CHANNABASAPPA & Co.,

Chartered Accountants

Firm's Regn. No.: 0597S

Sd/-

K. CHANNABASAPPA

Proprietor

Membership No.: 018335

Place: Bangalore

Date : 05-06-2015

DECLARATION BY THE MANAGING DIRECTOR

Sub: **Code of Conduct - Declaration under Clause 3.4.2**

This is to certify that:

In pursuance of the provisions of Clause 3.4.2 of Corporate Governance Guidelines of DPE, a Code of Conduct for the Board Members and Senior Management Personnel is in place.

The said Code of Conduct has been uploaded on the website of the Company and has also been circulated to the Board Members and the Senior Management Personnel of the Company; and,

All Board Members, and the Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2014.

**(S. Girish Kumar)
Managing Director**

Place: Bangalore

Date : 05-06-2015

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HMT (International) Limited
Bangalore.

Report on the Financial Statements

We have audited the accompanying financial statements of **HMT (INTERNATIONAL) LIMITED**, ("the Company"), which comprise the Balance Sheet as on **31st March, 2015**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have verified the accounts relating to projects i.e., IMITC (5 Years Comprehensive Maintenance Plan), Pakokku, Myanmar, IMITC Myingyan, Myanmar, TVET, Palestine, TIITC, Turkmenistan, RGSPA I Phase and II Phase, Mangolia as at **31st March, 2015**, on the basis of statements, originals or copies of bills, vouchers and other documents made available to us at the Head Office. We have not visited the above projects during our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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 U/s.133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing specified U/s.143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HMT (International) Ltd / Auditor's Report / 31.03.2015

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, except.

Provident fund is provided for, under a defined benefit scheme. The Contributions are made up-to-date to the Trust administered by the Company. However, the Company has not obtained actuarial valuation, as per Accounting Standard 15 (Revised) and hence, consequential effects on accounts could not be reported.

- a) In the case of the Balance Sheet of the state of affairs of the Company, as at **31st March, 2015**.
- b) In the case of Statement of Profit and Loss of the **PROFIT** of the Company for the year ended that date. And
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that :
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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 [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement

dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified Under Section. 133 of the Companies Act, 2013;
- e. being a Government Company, the provisions of section 164 (2) of the Act, is not applicable, regarding appointment of Directors.

For **K. CHANNABASAPPA & CO.,**
Chartered Accountants
Firm's Regn. No.: 0597S

Sd/-
K. CHANNABASAPPA
Proprietor
Membership No.: 018335

Place : Bangalore
Date : 05 - 06- 2015

* * * * *

Annexure to Auditor's Report 31.03.2015

Annexure Referred to in Paragraph 3 & 4 under "Report on Other Legal and Regulatory Requirements" of our Report of even date

- | | |
|---|--|
| <p>(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.</p> <p>b) We are informed that the Company has a procedure for physical verification of Fixed Assets once in three years, the physical verification have been carried out by the management during the year 2013-14, no material discrepancies were identified, as per programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.</p> <p>(ii) a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.</p> <p>b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>c) On the basis of our examination of records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies noticed on verification between the stocks and the books of account.</p> <p>(iii) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s.189 of the Companies Act, 2013. Accordingly, sub clauses (a) and (b) are not applicable.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, Fixed Assets and with regard to sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems and there is no continuing failure to correct major weakness in the internal control systems.</p> <p>(v) The Company has not accepted any deposits, hence in our opinion the provision of Section</p> | <p>73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under are not applicable.</p> <p>(vi) Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 has not been prescribed for the Company.</p> <p>(vii)a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. Accordingly, sub-clause (b) is not applicable.</p> <p>b) The Company is not required to transfer any amount to the Investor Education and Protection Fund, as per the Provisions of the Section 205C of the Companies Act, 1956 and the Rules made there under.</p> <p>(viii) The Company has no accumulated losses as at 31st March, 2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.</p> <p>(ix) The Company has not availed any loans from financial institution or bank or debenture holders during the year.</p> <p>(x) The Company has not given any guarantees for loans taken by others from banks or financial institutions.</p> <p>(xi) The Company has not availed any term loans during the year.</p> <p>(xii) According to the information and explanations given to us, no fraud on or by the Company during the year has been noticed or reported during the course of our audit.</p> |
|---|--|

For **K. CHANNABASAPPA & Co.,**
Chartered Accountants
(Firm Registration No.0597S)

Place : Bangalore
Date : **05-06-2015**

K. CHANNABASAPPA
Proprietor. M. No. 018335

ADDENDUM TO INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31.03.2015

A. Directions U/s 143(5) of the Companies Act 2013.	
1. Company which has been selected for Disinvestment	Not Applicable to HMT(I) Ltd.
2. Cases of waiver / write off of debts / loans / interest etc –	There are no such cases.
3. Records for inventories lying with third parties & assets received as gift from Govt or other authorities -	Neither there are any inventories lying with third parties nor any asset received as gift from Govt or other authorities.
4. Age wise analysis of pending Legal / Arbitration Cases –	Statement providing latest status of legal cases as on 31.03.15 as per annexure enclosed. In our opinion and to the best of our information, the above items, there is no impact on the Accounts and Financial Statements of the Company.
B. Sub – Directions specific U/s 143(5) of the Companies Act 2013. Sufficiency and consistency of Accounting Policy of the Company for Revenue Recognition w.r.t. Compliance with Accounting Standard 9.	In our opinion, the Accounting Policy of the Company for Revenue Recognition is consistent & sufficient and comply with the provisions of Accounting Standard 9 (Revenue Recognition) and there is no impact on the Accounts and Financial Statements of the Company.

For **K. CHANNABASAPPA & Co.,**
Chartered Accountants

Place : Bangalore
Date : **05-06-2015**

K. CHANNABASAPPA
Proprietor

HMT (International) Ltd
Directions u/s 143(5) of Companies Act 2013 - FY 14-15

SI No 4 - Report on age wise analysis of pending Legal Cases pertaining to dues to the Company.

Sl. No.	Name of the Party	Year of the case	Rs in Lakhs		Latest Status
			Amount O/S	Arbitration Award	
1	Koluthara Exports Pvt Ltd (KEL)	1999	100.00	116.00	Award in favour of Company on 18.03.03. KEL is under winding up as directed by BIFR. The meeting with BIFR on 30.04.15 is postponed. As per mutual agreement the Company has agreed for settlement of advance of Rs. 100 Lakhs. KEL has agreed for repayment of advance in 3 instalments which has not been accepted by the Company. However, the proposal is under consideration with the Board.
2	Nawab Cashew Packers, Kerala	2001	35.40	69.23	Award in favour of Company on 30.03.03. Receiver appointed & attachment of properties completed.
3	Nucor Wires Ltd, Bangalore	1997	26.85	69.75	Criminal Revision Petition filed by the party in High Court of Karnataka was in their favour. Hence, Company filed appeal in Supreme Court, wherein, the Supreme Court ordered for stay of refund of Rs. 20 Lakhs deposited by party.

The details of the above cases has been stated as **Additional information to Balance Sheet**. vide SI No 5 (Note B14) in Financial Statement

For K. CHANNABASAPPA & Co.,
Chartered Accountants

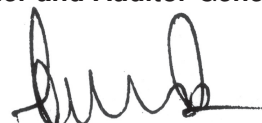
K. CHANNABASAPPA
Proprietor

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HMT (INTERNATIONAL) LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of HMT (International) Limited, Bangalore for the year ended on 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act. based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 05 June 2015.

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 HMT (International) Limited, Bangalore for the year ended on 31 March 2015. 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 Auditor 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 the behalf of the
Comptroller and Auditor General of India**

A handwritten signature in black ink, appearing to read 'Arabinda Das', written in a cursive style.

(Arabinda Das)

**Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date : 04 August 2015**

ACCOUNTING POLICIES
Basis of preparation of financial statements

The financial statements are prepared as a going concern, under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 and comply with the mandatory Accounting Standards prescribed under sec 133 of Companies Act 2013, read with Rule 7 of companies (accounts) Rule 2014.

A. FIXED ASSETS

- i) Own Assets: Fixed Assets are stated at its acquisition cost.
- ii) Assets taken on Financial Lease are capitalized at fair value/NPV/contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on "Depreciation". If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter. Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as expense in the Statement of profit & loss on accrual basis.

B. INVENTORY

Inventories are valued at lower of cost or net realizable value.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

C. TRADE RECEIVABLES AND OTHER RECEIVABLES

- i) The provision is made for all Trade Receivables and Other Receivables considered doubtful of recovery having regard to the following considerations:

- a) Time barred debts from the Government / Government Departments / Government companies are generally not treated as doubtful debts.

- b) Where debts are disputed in legal proceedings, provision is made if any decision is given against the company even if the same is taken up on appeal to higher authorities / courts.

- ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review.

- iii) The debts which are partially settled due to the disputes or court settlement or otherwise including from the Government / Government Department / Government companies are charged off to the Statement of Profit and Loss in the year of settlement.

- iv) The extent of provision required to be made in the books of accounts will be decided on a case to case basis based on the age of the debts after careful review of all related aspects covering the dues.

D. DEFERRED REVENUE EXPENDITURE

Lump sum compensations paid for Voluntary Retirement is charged off in the year of Retirement.

E. INTEREST ON DEFERRED CREDITS

Interest on deferred credits included in the value of promissory notes received/issued are accounted for only to the extent of actual accrual.

F. FOREIGN CURRENCY TRANSLATION

Foreign Currency translations relating to assets and liabilities are treated in the accounts as under:

1 Investment

Investments in ventures outside India are stated at the Rupee cost as on the date of Investment.

2. Current Assets & Liabilities**i) Current Assets:**

- a) Debtors and related transactions (like sales, overseas agency commission etc.) are accounted at the rate of exchange prevailing on the date of transaction and adjusted at the closing rate of exchange.
- b) Other Current assets are accounted at the rate prevailing on the date of transaction and adjusted at the closing rates of exchange.

ii) Current Liabilities

- a) Creditors and related transactions (like purchases) are accounted at the rate of predetermined on the date of transaction and adjusted at the closing rates of exchange.
- b) Current liabilities are accounted at the rate of prevailing on the date of transaction and adjusted at the closing rate of exchange.

The net exchange difference resulting from the above translation is recognized in the revenue.

3. Foreign Branches/ Offices/ Projects

The transactions and balances of foreign branches/ offices and projects are translated to Indian Rupees as under:

i) Fixed Assets

- a) In respect of assets held as at 31.03.1991, the assets will be retained at the Rupee value stated in the books as on 31.03.1991.
- b) In respect of assets acquired after 31.03.1991, in the foreign branches and at offices and projects, at the applicable rates of exchange on the date of acquisition.

ii) Inventories

- a) Opening inventories at the opening rates of exchange.
- b) Closing Inventories at the closing rates of exchange.

iii) Depreciation

Depreciation on fixed assets is charged at the applicable rates with respect to costs arrived at as specified in (i) above.

iv) Other transactions

Assets (other than fixed assets & inventories), liabilities, income and expenditure (other than depreciation) are transferred at the closing rates of exchange.

- v) The net exchange difference resulting from the translation of items in the financial statements of foreign branches /offices/ projects is recognized in the revenue.

4. Forward Exchange Contracts

In case of forward exchange contracts entered into with Company's Bankers against orders / contracts from Overseas customers, the exchange difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, such gain or loss so computed is recognized in the statement of Profit and Loss for the period. The premium or discount on forward exchange contract is not recognized separately.

The gain or loss arising on the renewal or cancellation of the forward contract is recognized as income or expense in the Statement of Profit and Loss for the period.

G. DEPRECIATION

Depreciation on fixed assets is provided on straight line basis over the **useful life** of the various assets as prescribed in **Schedule II to the Companies Act, 2013**, pro-rata with reference to the date of addition or deletion. As and when assets gets fully

depreciated, Re1/- is retained as book value of the asset. Assets costing less than ₹10,000/- shall be depreciated to ₹1/- in the year of purchase.

Depreciation on fixed assets is calculated on a pro-rata basis from the date of such addition or as the case may be up to the date on which such asset is sold, discarded or destroyed.

Useful life specified in the Schedule is for whole of the asset. Where cost of a part (component) of the asset is significant to the total cost of asset and useful life of that part is different from the useful life of the remaining asset:-

- a. If addition / replacement of the part (component) enhances the useful life / capacity of the asset, the useful life shall be reassessed & accordingly depreciation to be provided;
- b. If the addition / replacement of the part (component) does not enhance the useful life / capacity of the asset, the same shall be charged to P&L

H. WARRANTIES

Warranty provision in respect of goods exported by the company is set up based on the past experience and is provided in the year of sale.

In case, where company accepts additional warranty, beyond the normal warranty period, such contractual obligations is provided in the year of sale on case to case basis.

With regard to turnkey projects implemented by the company, a warranty provision at the rate of 2% of the purchase value will be provided in the books of accounts.

I. REVENUE RECOGNITION

1. The company recognizes revenue from consultancy agreements / contracts using the percentage of completion method of accounting, which involves calculating the percentage of services provided during the reporting period compared with the total estimated services to be provided over the duration of the agreement / contract.
2. The company records transactions as sales where the delivery of the goods and services are complete as per the terms of the contract. In respect of execution of project works awarded by Government of India, under its Aided programme, is accounted based on the goods shipped to the customers and periodical billing for technical services.

J. EMPLOYEES BENEFITS

Provident fund is provided for, under a defined benefit scheme. The Contributions are made to the Trust administered by the Company.

Leave encashment is provided for under a defined benefit scheme based on actuarial valuation.

Gratuity is provided for under a defined benefit scheme, to cover the eligible employees, liability being determined by actuarial valuation conducted by LIC of India and is remitted to the Approved Trust.

Settlement allowance is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation.

Pension is provided for under defined contributions, contributions are made to the Pension Fund administered by the Government.

K. INCOME TAX

Current Tax

Current tax provision is made annually based on the tax liability computed in accordance with provisions of the Income Tax Act 1961.

Deferred Taxes

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for Income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the enactment date.

Deferred tax assets in respect of losses carried forward are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

L. EARNINGS PER SHARE

Basic earnings per share is determined by considering the net profit after tax, inclusive of the post tax effect on extraordinary items, if any and the number of shares outstanding on a weighted average basis.

BALANCE SHEET AS AT 31ST MARCH 2015

(₹ in lakhs)

PARTICULAR	Note No.	As at 31-03-2015	As at 31-03-2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	B1	72.00	72.00
Reserves and surplus	B2	3,052.83	3,031.93
NON-CURRENT LIABILITIES			
Deferred tax liabilities (Net)	B3	121.38	119.15
Long-term provisions	B4	70.48	67.16
CURRENT LIABILITIES			
Trade paybles	B5	830.88	356.06
Other current liabilities	B6	925.33	534.93
Short-term provisions	B7	187.62	225.42
TOTAL		<u>5,260.52</u>	<u>4,406.65</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assests			
Tangible assets (Net)	B8	521.44	548.93
Other Non Current Assets	B9	-	-
CURRENT ASSETS			
Inventories	B10	3.53	16.01
Trade receivables	B11	1,045.30	1,123.90
Cash and cash equivalents	B12	2,584.62	2,050.19
Short-term loans and advances	B13	1,105.63	667.62
TOTAL		<u>5,260.52</u>	<u>4,406.65</u>

The accompanying notes are an integral part of the financial statements.

Additional Information to Balance Sheet

Accounting Policies form part of the accounts

B14

For and on behalf of the Board

As per our report of even date
For **K. CHANNABASAPPA & Co.,**
Chartered Accountants
(Firm Registration No.0597S)

S.GIRISH KUMAR
Chairman

S.GIRISH KUMAR
Managing Director

VISHVAJIT SAHAY
Director

M. C. ASHOK KUMAR
Asst. General Manager
(Finance)

K. CHANNABASAPPA
Proprietor
M. No. 018335

Place : Bangalore
Date : 05-06-2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

(₹ in lakhs)

PARTICULAR	Note No.	Year ended 31-03-2015	Year ended 31-03-2014
INCOME			
Revenue from operations	P1	3,340.08	2,507.64
Other Income	P2	426.75	593.03
TOTAL		3,766.83	3,100.67
EXPENSES:			
Cost of sales, services and works	P3	2,726.87	2,107.27
(Increase) / decrease in inventories of finished goods and stock in trade	P4	12.48	(14.20)
Employees benefits expense	P5	648.13	772.74
Depreciation	B8	14.63	17.77
Finance costs	P6	(-12.58)	(7.94)
Other expense	P7	211.63	175.51
TOTAL		3,601.16	3,051.15
Profit before exceptional / extraordinary items and tax		165.67	49.52
Exceptional / Extraordinary Items		-	-
Profit before tax		165.67	49.52
Less : Tax expense			
Earlier years Income tax		57.65	23.86
Current Income tax		54.01	13.17
Deffered tax		2.23	2.13
Profit for the year		51.78	10.36
Balance brought forwarded from the previous year		3.07	1.13
		54.85	11.49
Proposed Dividend		14.40	7.20
Tax on Dividend		2.88	1.22
Trasfered to General Reserve		30.00	-
Balance carried to Balance Sheet		7.57	3.07
Earnings per equity Share of ₹ 10/- (nominal value)			
Basic		7.19	1.44
Diluted		7.19	1.44
The accompanying notes are an integral part of the financial statements			
Additional Information to Statement of Profit and Loss	P8		
Accounting Polices form part of the Accounts.			

For and on behalf of the Board

 As per our report of even date
 For **K. CHANNABASAPPA & Co.,**
Chartered Accountants
 (Firm Registration No.0597S)

S.GIRISH KUMAR
 Chairman

S.GIRISH KUMAR
 Managing Director

VISHVAJIT SAHAY
 Director

M. C. ASHOK KUMAR
 Asst. General Manager
 (Finance)

K. CHANNABASAPPA
 Proprietor
 M. No. 018335

 Place : Bangalore
 Date : 05-06-2015

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	As at 31-03-2015	As at 31-03-2014
B1	SHARE CAPITAL		
	AUTHORISED		
	8,000,000 (previous year 8,000,000) Equity Shares of ₹. 10 each	800.00	800.00
	ISSUED, SUBSCRIBED & PAID UP :	72.00	72.00
	720,000 (previous year 720,000) Equity shares of ₹ 10 each held by the Holding Company and its nominee. [Of the above, 500 Shares were allotted as fully paid-up for cash 29,500 Shares were allotted as fully paid - up otherwise than cash and 690,000 Shares were allotted as fully paid-up as bonus shares Reconciliation of shares : 720,000 Equity Shares at the beginning and at the end of the year are same.		
		72.00	72.00
B2	RESERVES AND SURPLUS		
	General Reserve	3,045.26	3,028.86
	As at 1st April, 2014	3028.86	
	Less : Additional Depreciation @	13.60	
	Add : Transfers during the year	30.00	
	Total	3,045.26	
	Surplus in Statement of Profit and Loss	7.57	3.07
	TOTAL	3,052.83	3,031.93
	NON CURRENT LIABILITES		
B3	DEFERRED TAX LIABILITIES (NET)		
	Deferred tax liabilities arising on account of Depreciation	121.38	119.15
	TOTAL	121.38	119.15
B4	LONG TERM PROVISIONS		
	Earned Leave Encashment	58.43	53.42
	Settlement Allowance	12.05	13.74
	TOTAL	70.48	67.16

@ Additional depreciation on assets whose useful life completed as at 31.03.2014 as per companies Act, 2013

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	As at 31-03-2015	As at 31-03-2014
	CURRENT LIABILITIES		
B5	TRADE PAYABLES		
	Acceptance,		
	Other than Micro, Small and Medium Enterprises	807.32	299.55
	Micro, small and Medium Enterprises (refer additional note no. 2)	23.56	56.51
	TOTAL	830.88	356.06
B6	OTHER CURRENT LIABILITIES		
	Due to the Holding Company	-	34.06
	Unpaid salaries	294.31	398.32
	Advance received against sales	553.07	56.46
	Employees recovery Remittances	26.61	26.54
	Earnest Money Deposits	36.56	3.56
	Retention Money from Suppliers	7.03	12.77
	Others	7.75	3.22
	TOTAL	925.33	534.93
B7	SHORT TERM PROVISIONS		
	Taxation	111.69	38.61
	Dividend and tax on dividend	17.28	8.42
	Gratuity Premium	7.00	32.16
	Earned Leave Encashment	26.75	23.47
	Settlement Allowance	7.03	5.67
	Provision for contingencies	-	45.77
	Provision for warranties	-	50.53
	Others	17.87	20.79
	TOTAL	187.62	225.42

NOTES FORMING PART OF BALANCE SHEET B8 FIXED ASSETS

B8 FIXED ASSETS

1. TANGIBLE ASSETS

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK					NET BLOCK	
	Balance As at 01.04.2014	Additions	Sales / Discarded	Balance As at 31.03.2015	Balance As at 01.04.2014	Sales / Discarded	Adjustments as per companies Act, 2013 #	For the year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
BUILDING	676.75			676.75	152.71	-	0.23	11.36	164.30	512.45	524.04
INTERIOR DECORATION	41.61			41.61	41.38	-	-		41.38	0.23	0.23
FACTORY EQUIPMENTS	0.61			0.61	0.49	-	0.04	0.01	0.54	0.07	0.12
FURNITURE, FIXTURES, OFFICE EQUIPMENTS & MEASURING INSTRUMENTS	101.08	0.74	3.06	98.76	80.73	3.06	13.33	2.46	93.46	5.30	20.35
VEHICLES	15.67	-	-	15.67	11.48	-	-	0.80	12.28	3.39	4.19
TOTAL	835.72	0.74	3.06	833.40	286.79	3.06	13.60	14.63	311.96	521.44	548.93
PREVIOUS YEAR	835.34	0.57	0.19	835.72	269.06	0.04	-	17.77	286.79	548.93	566.28

NOTE: 1. Quantum of loss due to Impairment of Assets as per AS-28 - Nil

Refer Note No.P8 (4)

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	As at 31-03-2015	As at 31-03-2014
	NON-CURRENT ASSETS		
B9	OTHER NON CURRENT ASSETS		
	INVENTORIES		
	Non moving Stock-in-trade at lower of cost or net realisable value	46.86	46.86
	Less : Provision for obsolescence	46.86	46.86
	TOTAL	<u>-</u>	<u>-</u>
	CURRENT ASSETS		
B10	INVENTORIES		
	Stock-in-trade at lower of cost or net realisable value	3.53	16.01
	TOTAL	<u>3.53</u>	<u>16.01</u>
B11	TRADE RECEIVABLES		
	UNSECURED CONSIDERED GOOD		
	-Outstanding for a period exceeding six months from the date they are due for payment:	140.57	398.09
	- Outstanding for a period less than six months from the date they are due for payment:	904.73	725.81
	(Includes ₹ 150.67 lakh due from Group Companies under the same management)		
	TOTAL	<u>1,045.30</u>	<u>1,123.90</u>
B12	CASH AND CASH EQUIVALENTS		
	Balances with banks		
	(i) In current accounts	184.42	539.57
	(ii) In EEFC accounts	1.21	1.15
	(iii) In earmarked accounts	-	-
	Balances held as margin money or security against guarantees and other Commitments	1,962.90	1,281.92
	(iv) Others :		
	Deposits with maturity of 12 months and less	325.09	151.55
	Deposits with maturity of more than 12 months	111.00	76.00
	TOTAL	<u>2,584.62</u>	<u>2,050.19</u>
B13	SHORT TERM LOANS AND ADVANCES		
	SECURED, CONSIDERED GOOD		
	Advances recoverable in cash or in kind or value to be received	259.74	5.92
	UNSECURED, CONSIDERED GOOD		
	(a) Loans and advances to related parties (Inter-corporate Loan to HMT Ltd.)	430.00	430.00
	(b) Security Deposit	0.05	0.05
	(c) Loans and advances to employees	10.34	13.63
	(d) Prepaid expenses	3.69	3.25
	(e) Due from Holding Co.	17.08	-
	(f) others	-	-
	Advances paid to suppliers / services providers	5.45	7.53
	Interest accrued on Depsits with Banks	19.86	13.28
	Interest accrued on Advance paid to Suppliers	24.83	
	Claims receivables	56.35	54.22
	Export Incentives receivables	18.04	15.69
	Advance Service Tax paid	37.08	
	Tax Deducted at Source & Advance Tax for current year	92.18	37.91
	Advance tax receivable	33.44	
	Income Tax Paid for the earlier years	48.97	46.14
	Income Tax Disputed in appeal and paid	48.53	40.00
	Total	<u>1,105.63</u>	<u>667.62</u>

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	As at 31.03.2015	As at 31.03.2014
B14	ADDITIONAL INFORMATION TO BALANCE SHEET		
1	The company is contingently liable for:		
1.1	Guarantees & Counter Guarantees and Letter of Credits issued to various parties by the Company's bankers to the extent not provided for, which is backed by cent percent margin money.	1,921.29	664.93
2	Trade Payables Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company		
a.	Dues to Micro & Small Enterprises remaining unpaid as at the end of the year		
i.	Principal	23.56	56.51
ii.	Interest due thereon	-	-
b.	Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	-	-
c.	Amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year but without adding the interest under MSMED Act, 2006.)	-	-
d.	Amount of interest accrued and remaining unpaid as at the end of the accounting period.	-	-
e.	Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-
3	Advances (Long Term / Short Term) include		
3.1	Adhoc payments to employees towards Wage/Salary, DA arrears, pertaining to 1992 is pending adjustment & provision to this extent has been made in the accounts	8.24	10.50
4	Income Tax liability under dispute & appeal for the FY 2010 - 11 not provided for in books of account.	-	135.03
5	The company has initiated recovery actions against certain Parties viz., Koluthara Exports Ltd., Kerala, Nawab Cashew Packers, Kerala and Nucor Wires Ltd., Bangalore, for non payment of dues / breach of contractual obligations, by initiating Arbitration proceedings and for execution of the Award through the jurisdictional Civil Courts involving an amount of ₹ 116 lakh plus 9% interest from 01.06.2001 to the date of settlement, ₹ 69.23 lakh Plus 18% interest from 03.02.2003 to the date of settlement and ₹ 65.50 lakh from the respective party, and the same are pending in various stages of court process. The Company is hopeful of early recovery of these dues based on the Arbitration Awards / recovery suits, obtained in favour of the Company.		
6	Provision for Taxation has been made under provisions of the Income Tax Act, 1961.		
7	Balances under Trade Receivables, Loans & Advances, Trade Payables are subject to confirmation, although confirmation has been sought in most of the cases.		

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT

(₹ in lakhs)

Note No.	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
P1	REVENUE FROM OPERATIONS		
	Sale of products	2,184.27	1,896.61
	Technical services	14.74	2.07
	Project sales and services	1,110.93	587.39
	Export assistance	30.14	21.57
	TOTAL	3,340.08	2,507.64
P2	OTHER INCOME		
	Interest on Deposits with banks (TDS for the year ₹ 18.98 lakh (Previous year ₹ 15.52 lakh))	185.01	156.19
	Interest on Inter corporate loan (TDS for the year ₹ 4.30 lakh (Previous year ₹ 5.33 lakh))	43.00	59.24
	Interest on advances & others	49.09	32.38
	Liquidate damages claim received	33.56	-
	Provision no longer required	111.54	316.44
	Profit / (loss) on sale of assets	0.29	(0.14)
	Miscellaneous income	4.26	28.92
	TOTAL	426.75	593.03
P3	COST OF SALES, SERVICES AND WORKS		
	Purchases	2,249.45	1,796.19
	Freight on export	67.41	38.57
	Insurance on exports	4.71	3.64
	ECGC Premium	1.61	0.67
	Clearing, handling and inspection	22.09	23.42
	Agency Commission to agents	47.93	-
	Erection & Commissioning charges	2.50	21.18
	Warranties	-	22.87
	Contingencies	-	34.14
	Other expenses (Schedule P7.1)	331.17	166.59
	TOTAL	2,726.87	2,107.27
P4	(Increase)/decrease in inventories of finished goods and stock in trade		
	Finished goods:		
	Opening stock	62.87	48.67
	Closing Stock	50.39	62.87
	TOTAL	12.48	(14.20)
P5	EMPLOYEES BENEFIT EXPENSES		
	Salaries, Wages, Bonus and other benefits	525.02	622.40
	House Rent Allowance	17.40	21.68
	Gratuity Premium	7.00	32.16
	Gratuity paid to the separated employees on account of pay revision	8.40	-
	Contribution to Provident Fund & Family Pension Scheme	49.10	43.71
	Staff Welfare Expenses	41.21	52.79
	TOTAL	648.13	772.74

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT

(₹ in lakhs)

Note No.	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
P6	FINANCE COSTS		
	Interest Expense	-	-
	(Gain) /loss on foreign currency transaction and translation (net)	(-12.58)	(7.94)
	Total	(-12.58)	(7.94)
P7	OTHER EXPENSES		
	Rent	6.87	6.14
	Rates and taxes excluding tax on income	0.22	0.30
	Office Maintenance	11.99	10.63
	Printing & stationery	4.57	2.11
	Royalty	8.93	2.53
	Books, periodicals & membership fees	1.34	2.43
	Electricity & water	0.39	0.33
	Advertisement & Publicity	2.93	3.08
	Exhibitions	0.00	0.30
	Communication	10.51	11.79
	Audit fee:		
	Statutory audit (including service tax)	0.49	0.49
	Tax audit (including service tax)	0.15	0.15
	Travelling & Conveyance	62.10	46.91
	Delegation & export promotion	12.94	11.67
	Repairs & Maintenance other than building & machinery	1.51	5.43
	Insurance general	0.00	0.12
	Training, seminars & conference	0.00	1.37
	Vehicle maintenance	2.91	1.99
	Professional and legal charges	1.00	1.39
	Bank charges	18.82	8.39
	Fees for services rendered	11.74	3.57
	Common expenses paid to Holding Co.	41.27	42.26
	Corporate Social Responsibility (CSR)	1.44	3.51
	Security Charges	6.80	5.99
	Miscellaneous expenses	2.71	2.63
	Total	211.63	175.51
P7.1	OTHER EXPENSES (COST OF SALES, SERVICES AND WORKS)		
	Printing & stationery	-	0.74
	Advertisement & Publicity	18.82	-
	Office Maintenance	0.05	-
	Travelling & Conveyance	17.76	57.28
	Delegation & export promotion	2.49	6.85
	Training, seminars & conference	130.06	77.06
	Bank charges	5.71	0.88
	Fees for services rendered	156.16	23.68
	Miscellaneous	0.12	0.10
	Total	331.17	166.59

NOTES FORMING PART OF STATEMENT PROFIT AND LOSS

(₹ in lakhs)

Note No.	Particulars	Year ended 31-03-2015	Year ended 31-03-2015
P8	ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS		
1	Revenue from operations includes Project Works including services executed under an agreement with Government of India against which physical exports have been completed up to 31.03.2015	1,110.93	500.17
2	a) Miscellaneous Income - Old unclaimed advances treated as income	-	26.74
3	Employee Benefit expenses include		
	i) Provision for Earned Leave encashment made based on Actuarial valuation of Earned Leave at credit as at the year end	63.64	48.62
	ii) Provision for Settlement Allowance made based on Actuarial Valuation	7.69	11.33
	iii) Gratuity premium paid under Group Gratuity Policy with Life Insurance Corporation of India on the basis of actuarial valuation conducted by the LIC of India.	7.00	32.16
	vi) Payments related to Directors (including Managing Director)		
	Salaries	42.17	23.42
	Provident Fund	4.30	2.80
	Gratuity Premium	1.74	1.54
	Welfare	0.96	0.27
	v) Arrears of pay/wage revision consequent to the implemenation of 2007 pay scales pertaining to the period from 01.04.2012 to 31.03.2013	-	127.88
4	Consequent to the change in accounting policy on depreciation as per schedule II of companies act 2013, the effect of change is as follows :		
	a) Depreciation adjustment on opening balance as on 01.04.2014 (WDV) under Reserves & Surplus	13.60	-
	b) Additional depreciation during the financial year 2014-15	2.00	-
5	Other expenses include (Travelling and conveyance) Travelling expenses of Directors	11.84	25.02

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No.	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
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6 Additional information as per the requirement of schedule III of the companies Act, 2013

I. Sale of goods				
Imported	20%	462.99	34%	607.46
Indigenous	80%	1,798.94	66%	1,174.53
TOTAL	100%	2,261.93	100%	1,781.99
II. CIF Value of Imports:				
Components & Accessories		462.99		607.46
III. Earnings in Foreign Exchange				
a) FOB Value of Exports		1,685.66		1,237.18
b) Technical / project services		7.22		-
TOTAL		1,692.88		1,237.18
IV Particulars of turnover:	Qty. Nos.	VALUE	Qty. Nos.	VALUE
Machine tools, spares & accessories	17	2,151.73	19	1,850.96
Tractors / Automobiles		-	5	23.64
Watches	3036	32.55	2992	22.01
Project supplies	26	659.95	9	219.36
Income from Technical services		465.72		370.10
Export Incentives		30.13		21.57
TOTAL	3079	3,340.08	3481	2,507.64
The turnover includes Highseas Sales ₹. 462.99 (Previous year ₹.607.46)				
V Expenditure in Foreign Currency:				
Travelling Expenses (refer sch. P7 & 7.1)		21.42		47.33
Others		484.11		617.87

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 15 (REVISED)

The Gratuity has been provided by the Company under a Defined Benefit Plan to cover eligible employees, the liability being determined on actuarial valuation done by LIC using Projected Unit Method. The Company has taken a Policy under Group Gratuity Scheme with LIC and annual contribution are made to the extent required, to the separate Trust constituted and administered by LIC of India for the full coverage.

Gratuity Report under AS-15 (Revised) as reported by LIC of India (Pension and Group Scheme Department) is as here under

(₹ in Lakhs)

		As on 31.03.2015	As on 31.03.2014
1	Assumption Retirement age Salary Escalation Discount Rate Withdrawal Rate -1 to 3% depending on the age Mortality rate- LIC (1994-96) Ultimate	60 Years 7% p.a 8% p.a	60 Years 7% p.a 8% p.a
2	Changes in present value of obligation Present Value of obligation as at the beginning of the year Interest cost Current Service Cost Benefits paid Actuarial (gain) / loss on obligation Present Value of obligation as at the end of the year	367.72 29.42 1.00 (110.00) (14.56) 273.58	363.55 29.08 6.49 (54.07) 22.67 367.72
3	Changes in fair value of plan assets Fair value of plan assets at the beginning of the year Expected return of plan assets Contributions Benefits paid Actuarial Gain / (Loss) on Plan assets Fair value of plan assets at the end of the year	346.72 28.52 32.00 (110.00) - 297.24	354.73 30.75 15.31 (54.07) - 346.72
4	Fair value of plan assets Fair value of plan assets at the beginning of the year Actual return on plan assets Contributions Benefits paid Fair value of plan assets at the end of the year Funded status	346.72 28.52 32.00 (110.00) 297.24 (23.66)	354.73 30.75 15.31 (54.07) 346.72 21.00
5	Actuarial Gain / Loss recognised Actuarial (gain) / loss for the year - obligation Actuarial (gain) / loss for the year - plan assets Total (gain) / loss for the year Actuarial (gain) / loss recognised in the year	14.56 - (14.56) (14.56)	(22.67) - 22.67 22.67
6	Amounts recognised in the Balance Sheet Present Value of obligation as at the end of the year Fair value of plan assets at the end of the year Funded status Net asset / (liability) recognised in the balance sheet	273.58 297.24 23.66 23.66	367.72 346.72 (21.00) 21.00
7	Amount recognised in statement of Profit & Loss Account Current Service Cost Interest Cost Expected return on plan assets Net Actuarial (gain)/loss recognised in the year Expenses recognised in statement of Profit and Loss	1.00 29.42 (28.52) (14.56) (12.66)	6.49 29.08 (30.75) 22.67 27.49

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 18

- RELATED PARTIES

(₹ in Lakh)

Relationship	Fellow subsidiaries			HMT LIMITED, Holding Company					
	HMT Machine Tools Limited	HMT Watches Limited	HMT Bearings Limited	Tractors Unit	Food Processing unit	Common service Division	Corporate Office		
Description of the nature of transactions	Purchases and Highseas Sales	Purchases and Highseas Sales	Purchases	Purchases	Purchases / Highseas sales	Maintenance Services	Proposed Dividend	General Services	Inter-Corporate Loan Renewal
Value of the transactions	1,285.14	39.23	-	-	11.86	5.99	14.40	41.27	430.00
Other elements of related party transactions necessary for understanding the Financial Statements	No substantial amounts involved during the year								
Balances Outstanding As at year end	65.92(DR)	10.68(DR)	74.06(DR)	1.70 (CR)	0.32(DR)	1.99 (DR)	Nil	20.44(DR)	430.00(DR)
Provision for Doubtful	Nil	Nil		Nil		Nil		Nil	Nil

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 1

Pursuant to the enactment of Companies Act 2013, the company has changed its accounting policy on depreciation as per the schedule II of the act. The impact on change in accounting policy is disclosed under Note No.P8 (4)

SEGMENT REPORTING AS PER ACCOUNTING STANDARD -17

The company is carrying out the business of export of goods & services and setting up projects overseas, wherein the supply of goods & services are integral part of product as well as projects, consequently the primary business of the company is same during the year. There exists no distinguishable segments to be reported upon.

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 22

- Depreciation	(₹ in lakh)
Deferred Tax Assets / (Liabilities) as at 01.04.2014	(-119.15)
Charged / (credit) during the year	(-2.23)
Deferred Tax Assets / (Liabilities) as at 31.03.2015	(-121.38)

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 29
- Provisions and Contingent Liabilities
(₹ in Lakhs)

SI No.	Nature of Provision	Balance as on 01.04.2014	Additions during the year	Used during the year		Balance as on 31.03.2015
				Amount Utilised	Amount withdrawn	
1	Provision of Contingencies	45.77	-	0.30	45.47	-
2	Provision for Gratuity Premum	32.16	7.00	32.16		7.00
3	Provision for Earned Leave Encashment	76.89	63.64	55.35		85.18
4	Provision for Settlement Allowance	19.41	7.69	8.02		19.08
5	Provision for Warranties	50.53	-	0.01	50.52	-
	TOTAL	224.76	78.33	95.84	95.99	111.26

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lakhs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and dividend	165.67	49.52
Adjustment for		
Depreciation	14.63	17.77
Profit / Loss on Sale of Fixed Assets	(0.29)	0.13
Interest income (Net)	(277.10)	(247.81)
Operating Profit / (loss) before working capital changes	(97.09)	(180.39)
(Increase) / decrease in operating assets		
Inventories	12.48	(14.20)
Trade Receivables	78.60	32.10
Short-term loans and advances	(438.01)	390.52
Cash Generated from Operations	(444.02)	228.03
Increase / (decrease) in operating liabilities		
Trade payables	474.82	(139.92)
Other current liabilities	390.40	(123.77)
Short-term provisions	(46.66)	(588.90)
Long-term provisions	3.32	26.46
Net Cash flow / (used in) operating Activities (A)	377.86	(598.10)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(0.74)	(0.57)
Sale of Fixed Assets	0.29	0.02
Income Tax (paid) / refunds	(111.66)	(37.03)
Net Cash used in Investing Activities (B)	(112.11)	(37.58)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(7.20)	(14.40)
Tax on dividend	(1.22)	(2.34)
Interest income (Net)	277.10	247.81
Net cash flow from / (used) financing activities (C)	268.68	231.07
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	534.43	(404.61)
Opening Cash and Cash Equivalents	2,050.19	2,454.80
Closing Cash and Cash Equivalents	2,584.62	2,050.19
Net Increase/(Decrease) in cash & Cash Equivalents	534.43	(404.61)

Notes to the Cash Flow Statement

Cash and Cash Equivalent comprises of cash, bank balance and fixed deposit with Bank

For and on behalf of the Board

 As per our report of even date
 For **K. CHANNABASAPPA & Co.,**
Chartered Accountants
 (Firm Registration No.0597S)

S.GIRISH KUMAR
 Chairman

S.GIRISH KUMAR
 Managing Director

VISHVAJIT SAHAY
 Director

M. C. ASHOK KUMAR
 Asst. General Manager
 (Finance)

K. CHANNABASAPPA
 Proprietor
 M. No. 018335

 Place : Bangalore
 Date : 05-06-2015