

## HMT (INTERNATIONAL) LIMITED

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**BOARD OF DIRECTORS**

Shri. S. Girish Kumar	Chairman
Shri. Vishvajit Sahay (DHI)	Director
Shri. Ravi Capoor	Director (Upto 14-10-2016)
Shri. Bhupinder Singh Bhalla	Additional Director (From 14-10-2016)

**STATUTORY AUDITORS**

M/s. K. Channabasappa & Co.	Chartered Accountants
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**BANKERS**

Bank of Maharashtra  
UCO Bank

**REGISTERED OFFICE**

“HMT BHAVAN”  
59, Bellary Road  
Bangalore - 560 032

**PERFORMANCE HIGHLIGHTS**

(₹ in millions)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>OPERATING STATISTICS</b>										
Sales	239.76	339.07	334.01	250.76	340.88	324.03	278.86	307.96	163.62	250.03
Other Income	8.12	4.33	14.97	34.52	74.15	46.41	32.78	11.85	8.13	10.72
Sale of Investment/assets	-	-	-	-	-	-	-	-	-	-
- Stock accretion	-	(0.35)	(1.25)	1.42	(3.98)	2.39	(5.21)	5.21	(3.16)	(7.50)
Interest Income	22.53	23.65	27.71	24.78	29.45	26.79	18.33	21.90	18.96	17.89
	<b>270.41</b>	<b>366.70</b>	<b>375.44</b>	<b>311.48</b>	<b>440.50</b>	<b>399.62</b>	<b>324.76</b>	<b>346.92</b>	<b>187.55</b>	<b>271.14</b>
Purchases	174.62	230.54	224.95	179.62	235.87	209.55	175.74	190.71	111.97	178.40
Employees Costs	38.49	55.60	64.81	77.27	45.62	48.67	35.19	31.77	20.69	19.95
Other Operating Costs*	53.34	70.16	67.64	47.86	88.60	121.95	108.82	82.69	40.23	59.55
Depreciation	1.38	1.35	1.46	1.78	1.86	1.86	1.77	1.75	1.84	2.03
	<b>267.83</b>	<b>357.65</b>	<b>358.86</b>	<b>306.53</b>	<b>371.95</b>	<b>382.03</b>	<b>321.52</b>	<b>306.92</b>	<b>174.73</b>	<b>259.93</b>
Gross Profit	2.58	9.05	16.58	4.95	68.55	17.59	3.24	40.00	12.82	11.22
Interest	-	-	-	-	0.04	0.20	0.10	0.40	0.20	1.01
Net Profit Before Taxes (after prior period)	2.58	9.05	16.58	4.95	68.51	17.39	3.14	39.60	12.62	10.21
Taxes & Deferred Tax	1.94	3.22	11.39	3.92	23.65	3.91	1.07	12.99	2.07	1.75
Profit After Taxes	0.64	5.83	5.19	1.03	44.87	13.48	2.07	26.61	10.56	8.46
<b>FINANCIAL POSITION</b>										
Current Assets	488.92	425.24	473.91	385.77	467.08	488.79	381.93	392.03	320.09	301.04
Current Liabilities & Provision	207.06	143.40	201.43	118.36	201.80	258.61	165.03	175.88	127.89	121.97
Net Working Capital	281.86	281.84	272.48	267.41	265.27	230.18	216.90	216.15	192.20	179.07
Net Fixed Assets	49.99	50.83	52.14	54.89	56.63	48.39	49.67	49.76	50.79	52.63
Capital Employed	331.85	332.67	324.62	322.30	321.90	278.57	266.57	265.91	242.99	231.70
Borrowings	-	-	-	-	-	-	-	-	2.18	-
Deferred Tax Liability	8.57	7.51	12.14	11.92	11.70	11.55	11.35	11.09	10.90	10.68
Net Worth	323.28	325.16	312.48	310.38	310.20	267.02	255.22	254.82	229.91	221.02
<b>DATA ON EQUITY CAPITAL</b>										
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Reserves	315.43	306.52	304.52	302.87	302.88	259.79	248.00	247.49	222.57	213.65
Retained Earnings	0.64	3.82	0.76	0.31	0.12	0.03	0.02	0.13	0.14	0.17
Dividend - Normal	-	1.44	1.44	0.72	1.44	1.44	1.44	1.44	1.44	1.44
- Special	-	-	-	-	-	-	-	-	-	-
Dividend(%) - Normal	-	20	20	10	20	20	20	20	20	20
- Special	-	-	-	-	-	-	-	-	-	-
<b>OTHER STATISTICS</b>										
Cash Flow	2.02	7.18	6.65	2.81	46.73	15.34	3.84	28.36	12.40	10.49
Turnover / Working Capital Ratio	0.85	1.20	1.23	0.94	1.29	1.41	1.29	1.42	0.85	1.40
Return on Capital (%)	0.78	2.72	5.11	1.54	21.30	6.31	1.22	15.04	5.28	4.84
Number of Employees	28	33	40	52	59	60	59	61	61	62
Per Capita Sales	8.56	10.27	8.35	4.82	5.78	5.40	4.73	5.05	2.68	4.03

\* Includes Extra Ordinary Item ₹ .32.92 and ₹ .28.33 million during the Financial Year 2010-11 & 2011-12 respectively. Figures are re-grouped where ever required.

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

The Board of Directors have pleasure in presenting the 43<sup>rd</sup> Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2016-17 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

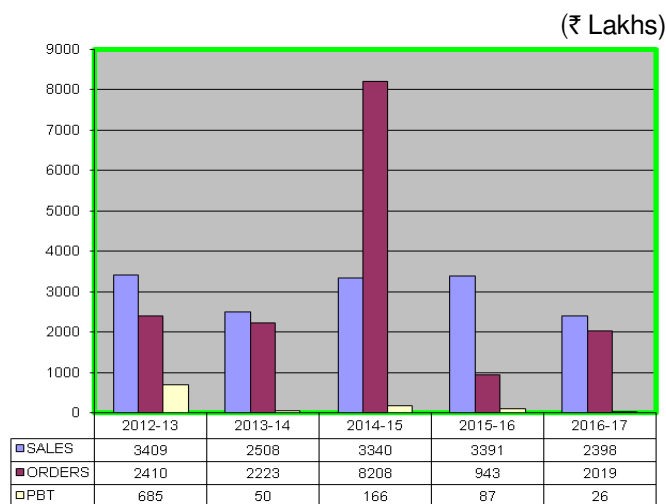
[Rs. Lakh]

Particulars	2016-17	2015-16
Gross Income from Operations	659.00	894.00
Profit before Interest and Depreciation	39.62	104.43
Gross Profit	39.62	104.43
Provision for Depreciation	13.75	14.00
Net Profit Before Tax	25.87	90.43
Provision for Tax	19.39	32.21
Net Profit After Tax	6.48	58.22
Balance of Profit brought forward	6.48	58.22
Balance available for appropriation	-	58.22
Proposed Dividend on Equity Shares	-	14.40
Tax on proposed Dividend	-	2.88
Transfer to General Reserve	-	20.00
Surplus carried to Balance Sheet	6.48	20.94

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

Performance of the Company during the year 2016-17 in terms of turnover at gross levels was Rs.2398 Lakh as against Rs.3391 Lakh achieved during the previous year, i.e. 2015-16. The Order procurement during the year was Rs.2019 Lakh as against Rs.9.43 Lakh achieved in the previous year. With the Turnover of Rs. 2398 lakh, your

Company was able to generate a Profit Before Tax (PBT) of Rs.26 Lakh as against Rs.87 Lakh, thereby continuing the trend of profits.



### 2.1 Product-wise Achievements

#### 2.1.1 Machine Tools

During the year, orders valued Rs.655 lakh for supply of various HMT Machines to Dubai, Indonesia, Saudi Arabia, Iran, etc. were executed covering the following machines :

- Supply of HMT Radial Drilling Machine RD62, valued Rs.16 lakh, to a customer in Dubai.
- Panther 5610/2 Lathe, valued Rs.30 Lakh, was supplied to a customer in Abu Dhabi.
- Machine Tools valued Rs.3.88 crore were supplied to Scooters India Ltd.
- Radial Drilling Machine RD62 and High Precision NH Lathe, valued Rs.51.40 lakh, were supplied to Bhutan.
- HMT Roll Camber Grinding Machine, Model GRC 55, valued Rs.1.15 Crore, was supplied to Indonesia.
- HMT Hydraulic Cylindrical Grindng Machine, Model Apurva 175/1200U, valued Rs.39.66 lakh, was supplied to Saudi Arabia.
- An HMT Universal Tool & Cutter Grinder, GTC 28TM, valued Rs.14.41 lakh was supplied to Iran.
- Hydraulic Power Hacksaw Model HP300 was supplied to Bhutan

## Marketing Efforts

The Company has planned the sales promotion / market development initiatives with an intent to increase its market presence by pursuing with the manufacturing units of HMT MTL to upgrade the niche products and also by concentrating more on high value products such as large VTL, Floor Boring machine, 80/100 mm Radial Drilling machine, Oil country Lathes, etc.

### 2.1.2 Projects & Services

- ❑ Training on maintenance activities for Myanmar Instructors for the project - 'Five year Comprehensive Maintenance plan' for the Indo-Myanmar Industrial Training Center, Pakokku, Myanmar.
- ❑ Erection & commissioning and on-the-job training activities were performed for the Rajiv Gandhi Polytechnic School of Production & Art project, Ulaanbaatar, Mongolia. The project was successfully completed and handed over on 28th October, 2015 in the presence of the Minister of Labour, Government of Mongolia and the Ambassador of Republic of India, Mongolia.
- ❑ Supply of Technical and Vocational Education Training (TVET) equipment and training services to Vocational Training Centres in Yatta & Hebron, Palestine.
- ❑ Training for 44 African Trainees in five engineering trades valued Rs.90.80 Lakh was imparted in two batches during the year.
- ❑ Sale of imports was effected on behalf of customers including HMT Group companies by importing and supplying products valued Rs.1134 Lakh.

### 2.2 High-sea Sales

The Company has been in the import segment of business by facilitating imports on behalf of customers including HMT Group companies. This would give an added thrust to the performance of the Company. During the year, products valued Rs.1131 lakh was imported and supplied, as compared to Rs.648 lakh supplied during the Previous Year.

### 2.3 Inland Sales

The company has entered into the inland business by supplying machineries under CAPEX to M/s Scooters India Ltd. Sale of machineries worth Rs.390 lakh was made during the year.

### 2.4 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-Government 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, Mangolia, Jamaica, Belize, Senegal, etc.

### 2.5 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.
- Identify fresh project opportunities in Palestine, Mangolia, Myanmar, Tajikistan, Sri Lanka, Nepal, Bangladesh, Jamaica, Belize, Senegal, 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.

## 2.6 Performance details

[Rs. Lakh]

Particulars	2016-17	2015-16
<b>Sales Turnover</b>		
HMT Products & Technical Services	551	201
Agency & Others	46	1171
Inland sales	390	155
Projects & Services	280	1216
High-sea sales	1131	648
<b>Total</b>	<b>2398</b>	<b>3391</b>

## 3. Reserves

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

## 4. Share Capital

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

## 5. 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.

## 6. Directors and Key Managerial Personnel

Vide Presidential Order No. F.No.5(16)/2009-P.E.X dated October 14, 2016 issued by the Department of Heavy Industries, Ministry of Heavy Industries and Public Enterprises, Shri Bhupinder Singh Bhalla, Joint Secretary, Department of Commerce, Ministry of Commerce and Industry has been appointed as the part time Official Director of the Company with immediate effect, until further orders vice Shri Ravi Capoor.

Shri Bhupinder Singh Bhalla is proposed for appointment as Director in terms of Article 67(4) of the Article of

Association of the Company read with section 161(1) of the Companies Act,2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

The Board places on record its appreciation for the valuable services rendered by Shri Ravi Capoor whose term of office ended during the year.

Shri Vishvajit Sahay, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## 7. Particulars of Employees

The total number of employees as on March 31, 2017 stood at 28 (including 2 Scheduled Castes, 2 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.

## 8. 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 Meetings was within the period prescribed under the Companies Act, 2013.

## 9. Auditors

M/s K. Channabasappa & Co., Chartered Accountants, Bangalore was re-appointed by the C&AG as Statutory Auditors of the Company for the financial year 2016-17.

## 10. Auditors' Report

The Statutory Auditors have submitted the Independent Auditor's Report for the year 2016-17. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

## 11. Internal Audit & Controls

The Company has engaged M/s Sarvesha Maiya & Company, Chartered Accountants, Bangalore, as Internal Auditors for the year 2016-17. During the year the Company

continued to implement their suggestions and recommendations for improvement of systems.

## 12. 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.

## 13. 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.

## 14. Foreign Exchange Earnings and Outgo

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

[Rs. Lakh]

No.	Particulars	2016-17	2015-16
1.	Foreign Exchange earned		
	FOB value of Exports	311	1261
	Technical Services	330	81
	<b>TOTAL</b>	<b>641</b>	<b>1342</b>
2.	Outgo of Foreign Exchange		
	Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	31	787

## 15. 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. Employees were also deputed for external training programmes.

## 16. 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.

## 17. 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 31.03.2017, the applicable Indian 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.

#### **18. 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

S. Girish Kumar  
Chairman

Place: Bangalore  
Date: 12-05-2017



## MANAGEMENT DISCUSSION & ANALYSIS

### A. EXPORT SECTOR & STRATEGY

The Industrial machinery recorded decline in exports on a cumulative basis during April – January 2017. However, exports of Machine tools recorded decent growth during April-January 2017. The cumulative engineering exports during April - February 2016-17 also surged by 7.34 percent on a year-on-year basis driven by the superb performance in February.

The Indian engineering exports is likely to continue its uptrend during the next few months as hardening of crude oil prices in the international market is not expected to see any reversal of trend at least in the near future. Moreover, economic slowdown in the developed regions seemed to have seen the bottom and is expected to bounce back with a weak but steady growth going forward that will increase the demand from overseas. The optimistic view is that “there is no crisis in India on the export front and while there is a need for caution, there is no need for alarm”.

As discussed earlier, India’s exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus. The World Economic Outlook forecast is projecting an increase in global growth from 3.1 percent in 2016 to 3.4 percent in 2017, with a corresponding increase in growth for advanced economies from 1.6 percent to 1.9 percent. Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year.

Products and Projects are the major thrust areas of exports for the future growth in turnover of the Company. 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

The company has over the years set up various Vocational Training Centers, Advanced Training Centers, Entrepreneur Technical Development Centers and IT Training Centers geared to meet the technical skill and infrastructural needs of the Country and engineering industry complexes. In this area of Technical Training, the Company has carved a niche for itself.

### TRADING

HMT(I) offers a wide range of bearings, components, workshop equipment, Pumps & Compressors, and Laboratory equipment.

### B. STRENGTHS 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.
- 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 computer systems & IT services.

- Faster after-sales service and spare 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 and Welding Rod).
- 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)
- Free access to international market directly by manufacturers and other traders increases competitive pressures due to technical advancements.
- 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.

### **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.
- Stress on industrialization in developing countries opens up market for export of Machinery, Engineering and technical services

### **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.
- Global tendering of projects by MEA.

### **D Segment wise / Product wise performance**

**Product wise Performance:** The product-wise sales for the year 2016-17 of the Company is as under -

Sector	Val ₹ Lakh
Machine Tools	597
Projects & Services	280
Inland Sales	390
High-sea sales	1131
<b>Total</b>	<b>2398</b>

**E Outlook**

Export of Machine Tools is one of the major business for the Company. Presently the Company is exporting Machine Tools only to Middle East and African countries. It is necessary for the Company to explore new markets to increase its sales. Sri Lanka, Nepal, Bangladesh continue as key markets for engineering exports. 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.

**F. RISKS AND CONCERNS**

- ❑ Steep competition in the international market has adversely affected the market for Machine Tools, etc., 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
- ❑ ***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**

Internal control in the company has adequate systems which are 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 disposition and ensuring that transactions are authorized and recorded.

- Process for formulating and reviewing annual/ aggregate and long term/ strategic business plans have been laid down.
- Detailed Annual budget with monthly break up of targets under various Heads.
- Compliance with Laws and Regulations

**H. FINANCIAL PERFORMANCE**

The Turnover of the Company during the year 2016-17 is Rs.2398 Lakh as compared to Rs.3391 Lakh of the previous year. During the year, the Company has generated a profit of Rs.26 Lakh as against a profit of Rs.87 Lakh during the previous year.

**I. Human Resources**

As on March 31, 2017, the Company has manpower of 28 personnel. The standard force of the company is 40 and young professionals in the areas of Technical, and non-technical personnel for service departments like Finance, Commercial and marketing resources were inducted recently. 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 makes contributions towards maintenance of these services by HMT, the Holding Company.

A provision of Rs.10.0 Lakh has been budgeted in the Annual Operating Plans of the Company for the year 2017-18.

**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 submit 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, 2017, 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 2016-17, Four (4) Board Meetings were held on June 20, October 18, in the calendar year 2016 and on January 31 and March 14 in the calendar year 2017.

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 Meetings	AGM/ Meeting	Directorship	Committee	
					Membership	Chairmanship
S.Girish Kumar	ENI	4	Yes	1	-	-
Vishvajit Sahay	NENI	3	-	-	-	-
Ravi Capoor	NENI	1	-	5	-	-
Bhupinder Singh Bhalla	NENI	3	-	-	-	-

C: Chairman & Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent, NA: Not Applicable

### Brief Resume of Directors appointed during the year 2016-17

**Shri S.Girish Kumar**, the Managing Director of HMT (International) Limited has been assigned the additional charge of the post of Chairman and Managing Director of HMT Limited with effect from December 1, 2013 in place of Shri Harbhajan Singh, IAS, Joint Secretary, Department of Heavy Industry who was holding the additional charge of the post of Chairman and Managing Director of HMT Limited from June 15, 2013.

**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, and Sr. Dy. Controller General of Defence Accounts.

### Shri Ravi Capoor, IAS

Shri Ravi Capoor, IAS, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, was the Part-

time Official Director, from 1<sup>st</sup> September 2015 to 14<sup>th</sup> October 2016. He is a senior IAS Officer having worked in various capacities under the Government of Assam as well as Government of India. He has more than two decades of multi-sectoral experience in the areas of Energy, Handicrafts industry, Tourism development and Education.

### Shri Bhupinder Singh Bhalla, IAS

Shri Bhupinder Singh Bhalla, IAS, is the Joint Secretary in the Department of Commerce, Ministry of Commerce & Industry. He was appointed as the part-time official Director with effect from October 14, 2016.

### 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**

An amount of Rs.1,500/- is payable only to 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:

<b>Financial year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2013-2014	14.08.2014	3.00 p.m	At the Registered Office of the Company
2014-2015	27.08.2015	11.30 a.m	
2015-2016	20.09.2016	12.30 p.m	

**Special Resolution, if any**

The Annual General Meeting for the current year was to be held before September 30, 2017 at the Registered Office of the Company. However, the consolidated accounts from the Group Companies of HMT Limited was delayed consequent to the adoption of Ind-AS resulting delay in submission of Annual Accounts to C&AG from the Company. Therefore, the Annual General Meeting is scheduled to be held before 30<sup>th</sup> November 2017.

**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 are outstanding Statutory Dues payables by some of the units of the Group Companies which have approached /are approaching the Provident Fund Authorities for settlement in Monthly Installments.

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. The Company has not established a whistle Blower Policy for the employees. However, 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](http://www.hmti.com).

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2017

*[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 : U33309KA1974PLC002707
- 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 and contact details : HMT Bhavan, 59, Bellary Road, Bangalore – 560 032  
Ph.: 91- 80-23330333  
Fax: 91-80- 23339111
- vi. Whether listed company : No
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : HMT Bhavan, 59, Bellary Road, Bangalore – 560 032,  
Ph.: 91- 80-23330333

**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	% 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	% of shares held associate
1	HMT Limited	L29230KA1953PTC000748	Holding	100



**IV. SHAREHOLDING PATTERN (Equity Share Capital Break up 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				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual/ HUF									
(b)	Central Government/ State Govt.									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0			100				100	0
	<b>Sub-Total A(1) :</b>	<b>0</b>			<b>100</b>				<b>100</b>	<b>0</b>
(2)	FOREIGN	NIL								
	<b>Sub-Total A (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A (1) + A(2)</b>	<b>0</b>			<b>100</b>	<b>0</b>			<b>100</b>	<b>0</b>
(B)	PUBLIC SHAREHOLDING	NIL				NIL				
	<b>Sub-Total B (1) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(2)	NON INSTITUTIONS	NIL				NIL				
	<b>Sub-Total B (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total B = B (1)+B(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (A+B) :</b>									
(C)	Shares held by custodians, against which Depository Receipts have been issued	NIL								
(1)	Promoter and Promoter Group									
(2)	Public									
	<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>NIL</b>	<b>NIL</b>	<b>100</b>	<b>0</b>	<b>NIL</b>	<b>NIL</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoters**

No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total 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**

Sr. No		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	0	0	0	0
	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):	0	0	0	0
	At the End of the year	0	0	0	0



**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		Shareholding at the beginning of 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
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 (Rs. in Lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2016</i>				
<b>i) Principal Amount</b>	NIL	NIL	NIL	NIL
<b>ii) Interest due but not paid</b>	NIL	NIL	NIL	NIL
<b>iii) Interest accrued but not due</b>	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Change in Indebtedness during the financial year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
<i>Indebtedness at the end of the financial year 31.03.2017</i>				
<b>i) Principal Amount</b>	NIL	NIL	NIL	NIL
<b>ii) Interest due but not paid</b>	NIL	NIL	NIL	NIL
<b>iii) Interest accrued but not due</b>	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

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

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager Shri S. Girish Kumar MDI
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	24,30,691/- - 2,65,816/-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify	
5	Others Medical	-
	Total (A)	29,96,507/-
	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 2013

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Shri Om Prakash Singh
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	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission- as % of profit -others, specify....	-
5.	Others, please specify	-
	<b>TOTAL</b>	-

**VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

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

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2016-17

**FORM NO. AOC.2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: **Not Applicable**
  - (b) Nature of contracts/arrangements/transactions: **Not Applicable**
  - (c) Duration of the contracts/arrangements/transactions: **Not Applicable**
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Not Applicable**
  - (e) Justification for entering into such contracts or arrangements or transactions: **Not Applicable**
  - (f) date(s) of approval by the Board: **Not Applicable**
  - (g) Amount paid as advances, if any: **Not Applicable**
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **Not Applicable**
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: **Not Applicable**
  - (b) Nature of contracts/arrangements/transactions: **Not Applicable**
  - (c) Duration of the contracts/arrangements/transactions: **Not Applicable**
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Not Applicable**
  - (e) Date(s) of approval by the Board, if any: **Not Applicable**
  - (f) Amount paid as advances, if any: **Not Applicable**

**On behalf of the Board of Directors**

**(S. GIRISH KUMAR)**  
*Managing Director*

**HMT (INTERNATIONAL) LIMITED**  
**Directions u/s. 143(5) of Companies Act 2013 -FY 2016-17**

**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 was under winding up as directed by BIFR. As per mutual agreement the Company has agreed for settlement of advance of Rs.116 lakhs. KEL has paid Rs.60/- Lakhs during FY 2016-17.
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 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 Sr. No.5 in Financial Statement

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

**K. CHANNABASAPPA**  
Proprietor

**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 31<sup>st</sup> March 2017, as stipulated in Guidelines on Corporate Governance for 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 : Banagalore  
Date : 12-05-2017

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**DECLARATION BY THE MANAGING DIRECTORS****Sub: Code of Conduct- Declartion under Clause 3.4.2**

This is to certify that:

In pursuance of the provision 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, 2017

Place : Banagalore  
Date : 10-05-2017

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

## 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 **31<sup>st</sup> March, 2017**, 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 following projects-

1. IMITC ( 5 Years Comprehensive Maintenance Plan), Pakokku, Myanmar
2. RGSPA II Phase, Mangolia
3. TIITC, Turkmenistan &
4. TVETC, Palestine

as at **31<sup>st</sup> March, 2017**, 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 Indian Accounting Standards (INDAS) 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.

### 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 liability, if any, 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 Indian Accounting Standard 19 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 **31<sup>st</sup> March, 2017**.



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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure- A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As per Directions of Comptroller and Auditor General of India U/s 143 (5) of the Companies Act, 2013, we report that :

a. The Company has clear title deed for freehold immovable property.

b. The Company has not waived / written off any debts / loans / interest during the year.

c. Neither there are any inventories lying with the third parties nor the company has received any assets as gift / grant from Government or other authorities during the year.

3. 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 documents adequate for the purposes of our

audit have been received pertaining to projects 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 documents pertaining to projects not visited by us];

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Indian Accounting Standards specified U/s. 133 of the Companies Act, 2013;

As per Para 27AA of IND AS 101, the Company has adopted first time exemption option in accordance with para D7AA. Thereby the Company has elected to continue to disclose the Property, Plant & Equipment (PPE) at carrying value. However, the Company has not stated this adoption of first time exemption in the accounting policy.

e. being a Government Company, the provisions of section 164 (2) of the Act, is not applicable, regarding appointment of Directors.

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer **Annexure-B**, to our report of even date.

**for K. CHANNABASAPPA & CO.,**  
Chartered Accountants (FRN 0597S)

**K.CHANNABASAPPA**  
Proprietor (M No.018335)

**Place : Bangalore**

**Date : 12.05.2017**

**Annexure-A : Referred to in Paragraph 3 & 4 under “Report on Other Legal and Regulatory Requirements” of our Report of even date**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- b) We are informed that the Company has a procedure for physical verification of Fixed Assets once in three years. The physical verification was carried out by the management during the year 16-17, wherein no material discrepancies were identified. The program of verification, in our opinion, is reasonable having regard to the size of the company and the nature of its business.
- c) The title deed of the immovable property is in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management. No material discrepancies are noticed.
- (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), (b) and (c) are not applicable.
- (iv) The company has not granted any loan to Directors covered U/s.185 of the Companies Act, 2013.
- The Company has renewed during the year, loan of Rs. 430 Lakhs to HMT Limited, the holding Company. Also, an additional loan of Rs.115 Lakhs (including Rs. 35 Lakhs granted during the year) has been received in full. The Company has complied with the provisions of Sec. 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits, hence in our opinion the provision of U/s.73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under are not applicable.
- (vi) Maintenance of cost records under Sec.148 (1) of the Companies Act, 2013 has not been prescribed for the Company.
- (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, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. However, the Income tax liability for
- (b) i) FY 2008-09 of Rs. 10.05 Crores on account of revision order is in dispute and an appeal has been filed before CIT (Appeals).
- ii) FY 2010-11, on account of revision order u/s 263 is in dispute and an appeal has been filed before Income Tax Appellate Tribunal, pending issuance of demand notice by the authority.
- iii) FY 2011-12 of Rs. 148.18 Lakhs is in dispute and an application for rectification of the order has been filed & accordingly there is no liability.
- iv) FY 2013-14 of Rs. 36.04 Lakhs is in dispute and an application for rectification of the order has been filed & accordingly there is no liability.

**HMT (International) Ltd / Annexure to Auditor’s Report /31.03.2017**

- (viii) The Company has not availed any loans from financial institution or bank or debenture holders during the year.
- (ix) The Company has not raised any moneys by way of public issue / follow on offer during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers / employees

during the year has been noticed or reported during the course of our audit.

- (xi) The Company has paid Managerial Remuneration in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company not being Nidhi Company, the provisions pertaining to Net Owned Fund are not applicable.
- (xiii) All the transactions with the related parties are in compliance with Section 177 & 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, as required by the Indian Accounting Standards.
- (xiv) The Company has not made any preferential allotment / private placement of shares / convertible debentures during the year.
- (xv) The Company has not entered into any non – cash transactions with directors or persons connected with him during the year.
- (xvi) The Company is not required to be registered U/ s.45-1A of the Reserve Bank of India Act, 1934.

**Annexure-B : Referred to in Item 3(f) of our Report of even date :****Report on the Internal Financial Controls under Section 143 (3) (i) of the Act:**

We have audited the internal financial controls over financial reporting of the Company as of **31<sup>st</sup> March, 2017** in conjunction with our audit of the financial statements for the year ended on that date.

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

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

**Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred to as the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**HMT (International) Ltd / Annexure to Auditor's Report /31.03.2017****Meaning of Internal Financial Controls over Financial Reporting:**

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

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

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

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

**Opinion:**

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

**for K. CHANNABASAPPA & CO.,**  
Chartered Accountants (FRN 0597S)

**Place : Bangalore**

**Date : 12.05.2017**

**K.CHANNABASAPPA**  
Proprietor (M No.018335)

**AUDIT REPORT FOR THE YEAR ENDED 31.03.2017**

(Supersedes our Audit Report dated 12.05.17 only to the extent of below points, pursuant to CAG Audit)

**A. Report on Other Legal and Regulatory Requirements.****3. As required by Section 143(3) of the Act, we report that -**

- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Indian Accounting Standards specified U/s. 133 of the Companies Act, 2013;

As per Para 27AA of IND AS 101, the Company has adopted first time exemption option in accordance with Para D7AA. Thereby the Company has elected to continue to disclose the Property, Plant & Equipment (PPE) at carrying value. However, the Company has not stated this adoption of first time exemption in the accounting policy.

4. With respect to the matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN's) during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company (Refer "Disclosure on Specified Bank Notes" forming part of financial statements).

**for K. CHANNABASAPPA & CO.,**  
Chartered Accountants (FRN 0597S)

**Place : Bangalore**  
**Date : 12.05.2017**

**K.CHANNABASAPPA**  
Proprietor (M No.018335)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6){B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT (INTERNATIONAL) LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of HMT (International) Limited, Bangalore for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 the 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 06 October 2017.

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 31 March 2017. 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 behalf of the  
Comptroller and Auditor General of India**



**(L. Tothhawng)  
Director General of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad  
Date: 16 October 2017**



**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017**
**BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis and in accordance with the provisions of Companies Act, 2013.

For all periods up to & including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. **For the first time, the financial statements for the year ended 31 March 2017 have been prepared in accordance with Ind AS & accordingly the figures for immediately preceding financial year ended 31 March 2016 have been restated for comparative purposes.**

**A. PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

Assets at Foreign Branch acquired after 31.03.1991 are stated at the applicable rates of exchange on the date of acquisition.

**B. INVENTORY – IND AS 2**

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

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

**C. FINANCIAL ASSET - TRADE AND OTHER RECEIVABLES – IND AS 32**

- i) The provision is made for all Trade 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 Govt / Govt Department / Govt 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. FOREIGN CURRENCY TRANSACTIONS-IND AS 21**

Functional Currency : The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees.

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the

transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

#### **E. DEPRECIATION – IND AS 16**

Depreciation on Property, Plant and Equipment 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 Property, Plant and Equipment gets fully depreciated, ₹1/- is retained as book value of the Property, Plant and Equipment. Property, Plant and Equipment costing less than ₹ 10,000/- shall be depreciated to Re.1/- in the year of purchase.

Each part of an item (also known as 'Component') of Property, Plant & Equipment (PPE) with a cost that is significant in relation to the total cost of the item and has different useful life from that of the PPE it shall be depreciated separately.

#### **F. WARRANTIES – IND AS 37**

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

With regard to turnkey projects implemented by the company, warranty provision at the rate of 2 percent of the purchase value is provided.

#### **G. REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### **SALE OF GOODS**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company recognises the Sale of Goods based on:

- 1) Physical delivery of goods to the customer / customer's carrier / common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.
- 2) LR/GR obtained and endorsed in favour of customer (consignee 'self'), in case of FOR destination contracts.

#### **Despatches to dealers/customers in respect of Machines & Tractors.**

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

*Rendering of Services:* Revenue from sale of services is recognised by reference to the stage of completion. Stage of completion is measured by services performed to date as a percentage of total services to be performed.

#### **Extended Warranty :**

When the company sells extended warranty, the revenue from sale of extended warranty is deferred and recognised over the period covered by the warranty. Where extended warranties are included in the price of the product and provide protection in excess of that provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

#### **H. EMPLOYEES BENEFITS - IND AS 19**

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 scheme, contributions are made to the Pension Fund administered by the Government.

#### **I. TAXES – IND AS 12**

**Current Taxes** : Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**Deferred tax:** Deferred income tax assets and liabilities are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where deferred tax asset is recognised against unabsorbed depreciation or carry forward of losses under tax laws, it is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **J. EARNINGS PER SHARE**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period

**Balance Sheet as at 31 March 2017**

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>ASSETS</b>				
<b>A Non-current assets</b>				
Property, Plant and Equipment	3	499.87	508.30	521.44
		<b>499.87</b>	<b>508.30</b>	<b>521.44</b>
<b>B Current assets</b>				
a) Inventories	4	-	-	3.53
b) Financial assets				
i) Trade receivables	5	1,397.40	917.23	1,045.30
ii) Cash and cash equivalents	6	1,578.15	2,130.89	2,473.62
iii) Loans	7	430.00	510.00	430.00
iv) Other Financial Assets	8	841.24	333.49	130.86
c) Other current assets	9	642.41	360.76	655.77
		<b>4,889.20</b>	<b>4,252.36</b>	<b>4,739.08</b>
<b>C TOTAL ASSETS (A + B)</b>		<b>5,389.07</b>	<b>4,760.66</b>	<b>5,260.52</b>
<b>EQUITY AND LIABILITIES</b>				
<b>A Equity</b>				
a) Equity share capital	10	72.00	72.00	72.00
b) Other equity	11	3,160.80	3,179.57	3,138.95
<b>Total equity</b>		<b>3,232.80</b>	<b>3,251.57</b>	<b>3,210.95</b>
<b>B Liabilities</b>				
<b>Non-current liabilities</b>				
a) Provisions				
i) Provision for Employee benefits	12	13.09	23.62	-29.91
b) Deferred tax liabilities (net)		85.66	75.13	84.80
<b>Total Non-Current Liabilities</b>		<b>98.75</b>	<b>51.51</b>	<b>54.89</b>
<b>Current liabilities</b>				
a) Financial liabilities				
i) Trade payables	13	911.49	672.02	830.88
Other Current Liabilities	14	1,068.05	606.38	943.20
b) Provisions				
i) Provision for Employee benefits	12	73.05	137.43	108.90
c) Current Tax Liabilities (net)		4.93	41.73	111.69
<b>Total Current Liabilities</b>		<b>2,057.52</b>	<b>1,457.57</b>	<b>1,994.67</b>

**Balance Sheet as at 31 March 2017**

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>Total liabilities</b>		<b>2,156.27</b>	1,509.08	2,049.57
<b>C TOTAL EQUITY AND LABILITIES (A + B)</b>		<b>5,389.07</b>	4,760.66	5,260.52
Notes forming part of Financial Statements	1			
Significant Accounting Policies	2			

For and on behalf of the Board

 As per our report of even date  
 For K.Channabasappa & Co.,  
 Chartered Accountants (FRN 0597S)

**S. Girish Kumar**  
 Chairman & Managing Director

**Vishvajit Sahay**  
 Director

**Bhupinder Singh Bhalla**  
 Director

**K. Narayana Murthy**  
 Manager, Finance

**K. CHANNABASAPPA**  
 Proprietor  
 (M.No.018335)

 Place : Bangalore  
 Date : 12-05-2017

**Statement of Profit and Loss for the year ended 31 March 2017**

(Rs. in lakhs)

	Notes No.	31-Mar-17 INR Lacs	31-Mar-16 INR Lacs
<b>CONTINUING OPERATIONS</b>			
a) Revenue from operations	15	<b>2,397.61</b>	3,390.74
b) Other income	16	<b>306.51</b>	279.75
<b>Total Income</b>		<b>2,704.12</b>	3,670.49
<b>EXPENSES</b>			
a) Cost of Goods Traded, Service and Works	17.a	<b>2,046.31</b>	2,776.72
b) (Increase)/decrease in inventories of finished goods and stock in trade	17.b	-	3.53
c) Employees' benefits expense	18	<b>384.87</b>	555.97
d) Depreciation and amortization expense	19	<b>13.75</b>	13.55
e) Other expenses	20	<b>233.32</b>	230.29
<b>Total expense</b>		<b>2,678.25</b>	3,580.06
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>25.87</b>	90.43
Share of (profit)/loss of an associate and a joint venture		-	-
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>25.87</b>	90.43
Exceptional items		-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>25.87</b>	90.43
(1) Current tax		<b>4.93</b>	41.73
(2) Adjustment of tax relating to earlier periods			
(3) Deferred tax		<b>14.46</b>	-9.52
<b>Income tax expense</b>		<b>19.39</b>	32.21
<b>Profit for the year from continuing operations</b>		<b>6.48</b>	58.22
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations</b>		-	-
<b>Profit/(loss) for the year</b>		<b>6.48</b>	58.22
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement of the net defined benefit liability/asset		-	-
Equity instruments through other comprehensive income		-	-

**Balance Sheet as at 31 March 2017**

(Rs. in lakhs)

	Notes No.	31-Mar-17 INR Lacs	31-Mar-16 INR Lacs
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans	21	-11.84	-0.48
Income Tax effect		3.92	0.16
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-7.93</b>	<b>-0.32</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>-1.45</b>	<b>57.90</b>
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>6.48</b>	58.22
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>-11.84</b>	0.48
<b>Earnings per share for continuing operations</b>			
Basic, profit from continuing operations attributable to equity holders of the parent		<b>0.90</b>	<b>8.09</b>
Diluted, profit from continuing operations attributable to equity holders of the parent		<b>0.90</b>	<b>8.09</b>
<b>Earnings per share for discontinued operations</b>			
Basic, profit from discontinued operations attributable to equity holders of the parent		-	-
Diluted, profit from discontinued operations attributable to equity holders of the parent		-	-
<b>Earnings per share from continuing and discontinued operations</b>			
Basic, profit for the year attributable to equity holders of the parent	<b>0.90</b>	8.09	
Diluted, profit for the year attributable to equity holders of the parent	<b>0.90</b>	8.09	
<b>Notes forming part of Financial Statements</b>	1		
<b>Significant Accounting Policies</b>	2		

For and on behalf of the Board

 As per our report of even date  
 For K.Channabasappa & Co.,  
 Chartered Accountants (FRN 0597S)

**S. Girish Kumar**  
 Chairman & Managing Director

**Vishvajit Sahay**  
 Director

**Bhupinder Singh Bhalla**  
 Director

**K. Narayana Murthy**  
 Manager, Finance

**K. CHANNABASAPPA**  
 Proprietor  
 (M.No.018335)

 Place : Bangalore  
 Date : 12-05-2017



**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-17 INR Lacs	31-Mar-16 INR Lacs
<b>Operating activities</b>		
Profit before tax from continuing operations	25.87	90.43
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>25.87</b>	<b>90.43</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	13.75	13.55
Finance Income (Interest)	-225.30	-236.46
<i>Working capital adjustments:</i>		
(Increase)/Decrease in Trade Receivables and other receivables	-1,269.58	220.45
(Increase)/Decrease in Inventories	-	3.53
Increase/(Decrease) in Trade and other payables	781.14	-575.67
Increase/(Decrease) in Net Employee Defined Benefit Liabilities	-39.52	34.35
	<b>-713.64</b>	<b>-449.82</b>
Income tax paid	-41.73	-111.68
<b>Net cash flows from operating activities</b>	<b>-755.37</b>	<b>-561.50</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-5.32	-0.41
Interest received	225.30	236.46
<b>Net cash flows used in investing activities</b>	<b>219.98</b>	<b>236.05</b>
<b>Financing activities</b>		
Dividend paid	-17.33	-17.28
<b>Net cash flows from/(used in) financing activities</b>	<b>-17.33</b>	<b>-17.28</b>
Net increase in cash and cash equivalents	-552.74	-342.73
Cash and cash equivalents at the beginning of the year	2,130.89	2,473.62
<b>Cash and cash equivalents at year end</b>	<b>1,578.15</b>	<b>2,130.89</b>

For and on behalf of the Board

 As per our report of even date  
 For K.Channabasappa & Co.,  
 Chartered Accountants (FRN 0597S)

**S. Girish Kumar**  
 Chairman & Managing Director

**Vishvajit Sahay**  
 Director

**Bhupinder Singh Bhalla**  
 Director

**K. Narayana Murthy**  
 Manager, Finance

**K. CHANNABASAPPA**  
 Proprietor  
 (M.No.018335)

 Place : Bangalore  
 Date : 12-05-2017

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 3A. PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

	Building	Interior Decoration	Factory Equipments	Furniture, Fixtures, Computer including Software Office Equipments and measuring Instruments	Vehicles	Total
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Cost or valuation</b>						
<b>At 1 April 2015</b>	676.75	41.61	0.61	98.76	15.67	833.40
Additions				0.41		0.41
Disposals						-
<b>At 31 March 2016</b>	676.75	41.61	0.61	99.17	15.67	833.81
Additions					5.32	5.32
Disposals						
<b>At 31 March 2017</b>	676.75	41.61	0.61	104.49	15.67	839.13
<b>Depreciation and impairment</b>						
At 1 April 2015	164.30	41.38	0.54	93.46	12.28	311.96
Depreciation charge for the year	11.05	0.23	0.01	1.55	0.71	13.55
Disposals						
<b>At 31 March 2016</b>	175.35	41.61	0.55	95.01	12.99	325.51
Depreciation charge for the year	11.27		0.01	1.75	0.71	13.75
Disposals						
<b>At 31 March 2017</b>	186.62	41.61	0.56	96.76	13.70	339.26
<b>Net book value</b>						
At 31 March 2017	490.13	-	0.05	7.73	1.97	499.87
At 31 March 2016	501.40	-	0.06	4.16	2.68	508.30
At 1 April 2015	512.45	0.23	0.07	5.30	3.39	521.44

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs	1-Apr-2015 INR Lacs
<b>4. Inventories</b>			
Non moving Stock-in-trade at lower of cost or net realizable value	46.86	46.86	50.39
Less: Provision for obsolescence	-46.86	-46.86	-46.86
<b>Stock In Trade at the lower of cost and net realisable value</b>	-	-	3.53
<b>5. Trade Receivables</b>			
Trade receivables	653.48	452.30	894.63
Receivables from related parties	743.92	464.93	150.67
<b>Total Trade Receivables</b>	<b>1,397.40</b>	917.23	1,045.30
<b>Break-up for security details:</b>			
<b>Trade receivables</b>			
<b>Unsecured, considered good</b>			
Outstanding for a period exceeding six months from the date they are due	255.28	59.65	140.57
Outstanding for a period less than six months from the date they are due	1,142.12	857.58	904.73
<b>Total Trade Receivables</b>	<b>1,397.40</b>	917.23	1,045.30

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs	1-Apr-2015 INR Lacs
<b>6. Cash and Cash equivalents</b>			
<b>Balances with banks:</b>			
In current accounts	68.15	163.79	184.42
In EEFC Accounts		4.87	1.21
In Earmarked Accounts	416.57	1,257.48	1,962.90
Fixed Deposits including Lien for Bank Guarantees	1,093.43	704.75	325.09
<b>Total Cash and Cash equivalents</b>	<b>1,578.15</b>	<b>2,130.89</b>	<b>2,473.62</b>
<b>7. Loans</b>			
<b>Non-current</b>	-	-	-
<b>Current</b>			
Inter-corporate Loan to HMT Limited	430.00	510.00	430.00
<b>Total Current Loans</b>	430.00	510.00	430.00
<b>Total Loans</b>	430.00	510.00	430.00
<b>8. Other Financial Assets</b>			
<b>Non-current</b>	-	-	-
<b>Current</b>			
Deposits with Banks exceeding 12 months	817.11	316.00	111.00
Interest accrued but not due	24.14	17.49	19.86
<b>Total Other Current Financial Assets</b>	841.24	333.49	130.86
<b>Total Other Financial Assets</b>	841.24	333.49	130.86
<b>9. Other Current Assets</b>			
Due from Holding Company	33.85	23.47	17.08
Advances other than capital advances	3.56	3.56	259.74
Deposit with Sales Tax Authority	0.05	0.05	0.05
EMD	11.60		
Claims towards refund of service tax	0.27	0.27	
Claims receivables	89.22	56.22	56.35
Export Incentives receivables	30.55	35.37	18.04
Advances to employees	5.59	6.60	10.34
<b>Others</b>			
Advances paid to suppliers / services providers	241.57	2.45	30.28
Advance Service Tax	31.27	35.57	37.08
TDS / Income Tax Refundable	192.73	195.58	223.12
Prepayments	2.14	1.60	3.69
<b>Total Other Current Assets</b>	<b>642.41</b>	<b>360.76</b>	<b>655.77</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**
**10. EQUITY SHARE CAPITAL**

Authorised share capital	Equity Shares	
	No in Lacs	INR Lacs
<b>At 1 April 2015</b>	80.00	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2016</b>	80.00	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2017</b>	80.00	800.00
<b>Issued equity capital</b>		
<b>Equity shares of INR 10 each issued and fully paid</b>		
	No in Lacs	INR Lacs
<b>At 1 April 2015</b>	7.20	72.00
Increase/(decrease) during the year		
<b>At 31 March 2016</b>	7.20	72.00
Increase/(decrease) during the year		
<b>At 31 March 2017</b>	7.20	72.00

The Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

**Details of shareholders holding more than 5% Equity shares in the company**

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
HMT Limited & its nominee	7.2	100	7.2	100

**Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	31 Mar 2017	31 Mar 2016
	No in Lacs	INR Lacs
Cash	0.005	0.005
Issued for consideration other than cash	0.295	0.295
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	6.900	6.900
<b>TOTAL</b>	<b>7.200</b>	<b>7.200</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**
**Statement of Changes in Equity**
**A. Equity Share Capital**

Equity shares of INR 10 each issued, subscribed and fully paid

	No in Lacs	INR Lacs
<b>At 1 April 2015</b>	7.20	72.00
Changes in equity share capital during the year		
<b>At 31 March 2016</b>	7.20	72.00
Changes in equity share capital during the year		
<b>At 31 March 2017</b>	<b>7.20</b>	<b>72.00</b>

**11. Other Equity**

	Reserves and Surplus		Other Comprehensive income		
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Balance as of 1st April 2014</b>	<b>3,015.26</b>	<b>3.07</b>			<b>3,018.33</b>
Change in Accounting Policy or Prior Period item		32.00			32.00
<b>Restated Balance as on 1st April 2014</b>	<b>3,015.26</b>	<b>35.07</b>			<b>3,050.33</b>
Transfer to General reserve	30.00	-30.00			-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-21.63	-21.63
Dividends including (DDT)					-
Profit for the period		110.25			110.25
<b>At 31 March 2015</b>	<b>3,045.26</b>	<b>115.33</b>	-	-21.63	<b>3,138.95</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

	Reserves and Surplus		Other Comprehensive income		
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Balance as of 1st April 2015</b>	<b>3,045.26</b>	<b>115.33</b>	-	<b>-21.63</b>	<b>3,138.95</b>
Change in Accounting Policy or Prior Period item					-
<b>Restated Balance as on 1st April 2015</b>	<b>3,045.26</b>	<b>115.33</b>	-	<b>-21.63</b>	<b>3,138.95</b>
Transfer to General reserve	20.00				20.00
Remeasurement of the net defined benefit liability/asset, net of tax effect				-0.32	-0.32
Dividends including (DDT)		-17.28			-17.28
Profit for the period		38.22			38.22
<b>At 31 March 2016</b>	<b>3,065.26</b>	<b>136.27</b>	-	<b>-21.95</b>	<b>3,179.57</b>

	Reserves and Surplus		Other Comprehensive income		
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Balance as of 1st April 2016</b>	<b>3,065.26</b>	<b>136.27</b>	-	<b>-21.95</b>	<b>3,179.57</b>
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-7.93	-7.93
Dividends including (DDT)		-17.33			-17.33
Profit for the period		6.48			6.48
<b>At 31 March 2017</b>	<b>3,065.26</b>	<b>125.42</b>	-	<b>-29.88</b>	<b>3,160.80</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs	1-Apr-2015 INR Lacs
<b>12. Provision for Employee Benefits</b>			
<b>Non-Current</b>			
Gratuity	-67.34	-108.91	-100.39
Earned Leave Encashment	71.64	73.89	58.43
Settlement Allowance	8.79	11.40	12.05
<b>Total Non Current</b>	<b>13.09</b>	23.62	-29.91
<b>Current</b>			
Gratuity	43.33	73.93	75.12
Earned Leave Encashment	24.70	56.98	26.75
Settlement Allowance	5.02	6.52	7.03
<b>Total Current</b>	<b>73.05</b>	<b>137.43</b>	<b>108.90</b>
<b>Total Net employee defined benefit liabilities</b>	<b>86.14</b>	113.82	78.99
<b>13. Trade payables</b>			
Trade payables	906.24	556.59	807.32
Micro,small and medium enterprises	5.25	115.43	23.56
<b>Total Trade payables</b>	<b>911.49</b>	672.02	830.88
<b>14. Other Current Liabilities</b>			
Revenue received in advance	883.52	434.13	553.07
Salaries and arrears payable	110.00	129.33	294.31
Employees recovery Remittances	7.18	10.26	26.61
Earnest Money Deposits	6.06	14.61	36.56
Retention Money from Suppliers	2.76	9.70	7.03
Tax Payables	0.74	2.08	7.75
Sundry Creditors (TA)		0.38	
MEA Warranty	22.25		
PF Trust Loss payable	28.70		
Gratuity	0.04	0.08	
Others	6.81	5.81	17.87
<b>Total Other Current Liabilities</b>	<b>1,068.05</b>	606.38	943.20



**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2017**
**PERTAINING TO BALANCE SHEET**

(Rs. in lakhs)

Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016
1	The Company is contingently liable for : 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.	<b>1,587.10</b>	<b>405.10</b>
2	Trade Payables : Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company :		
a	Dues remaining unpaid as at the end of the year - Principal (Interest due Nil)	<b>5.25</b>	<b>115.43</b>
b	Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	<b>NIL</b>	<b>NIL</b>
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	Short Term Loans and Advances includes 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	<b>4.56</b>	<b>5.33</b>
4	Income Tax liability under dispute :		
a)	The Income Tax Liability for FY 2008-09 of Rs. 10.05 Crores on account of revision order is in dispute and an appeal has been filed before CIT (Appeals)		
b)	Income Tax Liability for FY 2010-11 , on account of revision order u/s 263 is in dispute and an appeal has been filed before Income Tax Appellate Tribunal, pending issuance of demand notice by the authority.		
c)	The Income Tax Liability for FY 2011-12 of Rs. 148.18 Lakhs is in dispute and an application for rectification of the order has been filed & accordingly there is no liability.		
d)	The Income Tax Liability for FY 2013-14 of Rs. 36.04 Lakhs is in dispute and an application for rectification of the order has been filed & accordingly there is no liability.		
	Based on very fair grounds, the liability does not arise for all the above financial years. Hence, liability not provided for in the books of account.		

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2017  
PERTAINING TO BALANCE SHEET**

5	The debts written off in the past, but, action of recovery proceedings is being continued before the Courts.
a)	M/s . Koluthara Exports Ltd (KEL), Kerala : As per the Arbitration Award an amount of Rs. 1.16 crores is receivable in specified installments. KEL have remitted an amount of Rs. 10 Lakhs & Rs.60 Lakhs during FY 15-16 & FY 16-17, which has been accounted as Income under “Recovery of debts written off” for the respective years.
b)	M/s. Nawab Cashew Packers, Kerala : Execution of an Arbitration Award of Rs. 69.23 Lakh is pending in various courts at Various Stages
c)	M/s. Nucor Wires Ltd , Bangalore : Execution of an Arbitration Award of RS. 69.75 /- Lakh is pending in Hon’ble Supreme Court process.
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.
8	Computer Software which is an integral part of Hardware is treated as Property, Plant & Equipment (PPE) under Ind AS 16 as per Ind AS 38. Accordingly, Tally Payroll ERP Software along with its customization for system integration, configuration & implementation cost of Rs. 4,56,500 is capitalized & depreciated over the useful life of 3 years as per Companies Act, 2013.
9	<b>Proposed Dividend As per IND AS 10 :</b>
	Dividends proposed or declared after the balance sheet date but before the financial statements have been approved for issue are not recognized as a liability at the balance sheet date. Accordingly, the figures of proposed dividend have been re-stated under the Note - Other Equity in the attached financial statements.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs
<b>15. Revenue from operations</b>		
Sale of products	1,834.95	2,056.18
Technical Services	281.67	93.96
Projects Sales and Services	279.48	1,216.11
Export Assistance	1.52	24.49
<b>Total</b>	<b>2,397.61</b>	<b>3,390.74</b>
<b>16. Other income</b>		
<b>A. Other Non Operating Income</b>		
Provision of No Longer required	-	0.44
Miscellaneous Income	2.02	1.53
Bad Debts Written off recovered	60.00	10.00
Liquidate Damages Claim Received	-	31.32
Net gain/(Loss) on sale of Property, Plant and Equipment		
FOB Charges Units	9.35	-
Creditors/Debtors written Off	9.85	-
	<b>81.21</b>	<b>43.29</b>
<b>B. Interest income</b>		
Interest on Advances and Others	0.03	8.95
Interest on Bank Deposits with Banks	163.64	181.25
Interest on Inter corporate loan	61.63	46.26
	<b>225.30</b>	<b>236.46</b>
<b>Total Other income</b>	<b>306.51</b>	<b>279.75</b>
<b>17. Cost of Goods Traded, Service and Works</b>		
<b>a. Cost of Goods Traded, Service and Works</b>		
Purchases	1,746.22	2,305.44
Purchases for Service contract	17.07	16.31
Freight on export	46.45	98.68
Insurance on exports	0.34	2.42
ECGC Premium	0.18	0.53
Clearing, handling and inspection	7.84	27.98
Overseas Agency Commission to agents	-	83.92
Erection & Commissioning charges	43.09	42.28
Other expenses (As per below schedule)	185.15	199.16
<b>Cost of Goods Traded, Service and Works</b>	<b>2,046.31</b>	<b>2,776.72</b>
<b>Other Expenses</b>		
Printing & stationery	0.03	0.37
Communication	0.09	0.16

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs
Travelling & Conveyance	18.45	51.40
Delegation & export promotion	0.07	5.59
Afrer Sales Service	0.04	-
Entertainment Expenses	0.27	-
Training, seminars & conference	83.11	83.73
Bank charges	1.18	0.08
Fees for services rendered	81.85	57.69
Miscellaneous	0.07	0.14
<b>Total</b>	<b>185.15</b>	<b>199.16</b>
<b>b. (Increase) / Decrease in Inventories</b>		
Inventory at the beginning of the year	<b>46.86</b>	50.39
Less: inventory at the end of the year	<b>46.86</b>	46.86
	-	3.53
<b>Total</b>	<b>2,046.31</b>	<b>2,780.25</b>
<b>18. Employees' benefits expense</b>		
Salaries, Wages, Bonus and other benefits	<b>289.74</b>	367.17
House Rent Allowance	<b>9.54</b>	13.48
Gratuity Cost recognised	<b>0.02</b>	-1.03
Contribution to Provident Fund	<b>34.96</b>	38.59
PF contributions paid to separated employees	-	2.88
Contribution to Pension Fund	-	3.49
Earned Leave Encashment	<b>27.66</b>	95.95
Settlement Allowance	<b>2.87</b>	3.49
Sales Incentive Bonus	<b>3.27</b>	8.05
Medical Benefits	<b>7.67</b>	10.02
Township	<b>3.96</b>	8.55
Conveyance Reimbursement	<b>3.19</b>	3.61
Deposit Linked Insurance - PF	<b>1.57</b>	1.48
Staff Welfare Expenses	<b>0.41</b>	0.25
<b>Total</b>	<b>384.87</b>	<b>555.97</b>
<b>19. Depreciation and amortization expense</b>		
Depreciation of tangible assets	<b>13.75</b>	13.55
<b>Total</b>	<b>13.75</b>	<b>13.55</b>
<b>20. Other expenses</b>		
Rent	<b>8.72</b>	7.52
Rates and taxes excluding tax on income	<b>0.79</b>	0.28
Office Maintenance	<b>18.74</b>	12.89
Printing & stationery	<b>1.99</b>	5.34
Recruitment Expenses	<b>0.72</b>	1.84
Royalty	<b>1.21</b>	10.02

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	31-Mar-2017 INR Lacs	31-Mar-2016 INR Lacs
Books, periodicals & membership fees	1.17	0.73
Electricity & water	0.27	0.51
Advertisement & Publicity	3.59	5.32
Postage, Telegrams, Courier	0.98	-
Communication	7.33	9.88
Audit fee:		
Statutory audit ( including service tax)	0.51	0.50
Tax audit ( including service tax)	0.15	0.15
Travelling & Conveyance	38.68	38.51
Delegation & export promotion	2.42	7.83
After sales service	3.43	2.28
Entertainment Expenses	2.68	3.53
Repairs & Maintenance other than building & machinery	2.40	2.85
Vehicle maintenance	2.71	2.60
Professional and legal charges	2.28	6.53
Bank charges	5.67	3.87
Fees for services rendered	35.31	57.55
Common expenses paid to Holding Co.	43.82	42.20
Corporate Social Responsibility (CSR)	0.08	-
Security Charges	11.38	7.16
Board Meeting Expenses	0.37	0.62
Miscellaneous expenses	5.39	2.86
PF Trust Loss	28.70	-
Exchange Difference (Net)	1.83	-3.08
<b>Total</b>	<b>233.32</b>	<b>230.29</b>
<b>21. Other Comprehensive Income</b>		
Re-measurement gains/(losses) on defined benefit plans for		
Earned Leave Encashment	-	-
Gratuity	-10.98	1.59
Settlement Allowance	-0.86	-2.07
<b>Total</b>	<b>-11.84</b>	<b>-0.48</b>

For and on behalf of the Board

 As per our report of even date  
 For K.Channabasappa & Co.,  
 Chartered Accountants (FRN 0597S)

**S. Girish Kumar**  
 Chairman & Managing Director

**Vishvajit Sahay**  
 Director

**Bhupinder Singh Bhalla**  
 Director

**K. Narayana Murthy**  
 Manager, Finance

**K. CHANNABASAPPA**  
 Proprietor  
 (M.No.018335)

 Place : Bangalore  
 Date : 12-05-2017

**Income Tax**

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Statement of profit and loss

Profit or loss section

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Current income tax:</b>		
Current income tax charge	4.93	41.73
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	14.46	-9.52
<b>Income tax expense reported in the statement of profit or loss</b>	<b>19.39</b>	<b>32.21</b>

OCI section

Deferred tax related to items recognised in OCI during in the year

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
Net loss/(gain) on remeasurements of defined benefit plans	3.92	0.16
<b>Income tax charged to OCI</b>	<b>3.92</b>	<b>0.16</b>

**Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2016 and 31 March 2017**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
Accounting profit before tax from continuing operations	25.87	90.43
<b>Accounting profit before income tax</b>	<b>25.87</b>	<b>90.43</b>
At India's statutory income tax rate of 33.063% (31 March 2016: 33.063%)	8.55	29.90
Depreciation	1.39	-
Defined Benefit Obligations	13.07	2.32
Effect of lower taxes paid through MAT	-3.62	
<b>At the effective income tax rate of 74.95% (31 March 2016: 35.62%)</b>	<b>19.39</b>	<b>32.22</b>
Income tax expense reported in the statement of profit and loss	19.39	32.21
	<b>19.39</b>	<b>32.21</b>

**Reconciliation of deferred tax liabilities, net**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Opening balance as of 1 April</b>	<b>75.13</b>	<b>84.80</b>
Tax income/(expense) during the period recognised in profit or loss	14.46	-9.52
Tax income/(expense) during the period recognised in OCI	-3.92	-0.16
<b>Closing balance as at 31 March</b>	<b>85.67</b>	<b>75.13</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	6.48	58.22
Discontinued operation	0.00	0.00
Total Profit including OCI	<b>6.48</b>	<b>58.22</b>
Less Other Comprehensive income	0.00	0.00
<b>Profit attributable to equity holders for basic earnings</b>	<b>6.48</b>	<b>58.22</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>6.48</b>	<b>58.22</b>
Weighted average number of Equity shares for basic EPS*	7,20,000	7,20,000
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>7,20,000</b>	<b>7,20,000</b>

\* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

## Note to Financial Statements for the year ended 31 March 2017

As per Indian Accounting Standard - 19 "Employee Benefits", the disclosures as defined are given below:

i) **Defined Contribution Plan:**

(Rs. In Lakhs)

**Particulars**

**Year Ended 31-Mar-17**

**Year Ended 31-Mar-16**

Employer's Contribution to Pension Fund

-

3.49

ii) **Defined Benefit Plans:**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans. The Company has not obtained the actuarial valuation report from the independent actuary.

The principal assumptions used in determining gratuity and post-employment benefits obligations for the company's plan is shown below

	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>01-Apr-15</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Discount rate:			
Gratuity plan	7.50	8.00	8.00
Settlement Allowance	8.00	8.00	8.00
Earned Leave Encashment	8.00	8.00	8.00
Future salary increases:			
Gratuity plan	7.00	7.00	7.00
Settlement Allowance	8.00	8.00	8.00
Earned Leave Encashment	8.00	8.00	8.00

<b>Summary of Demographic Assumptions</b>	<b>Gratuity Plan</b>			<b>Settlement Allowance</b>			<b>Leave Encashment</b>		
	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	5%	5%	5%	5%	5%	5%	5%	5%	5%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%	5%	5%	5%	5%	5%
Attrition Rate				5%	5%	5%	5%	5%	5%
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	10.1	7.43	5.57	7.58	5.73	5.73			
Proportion of Leave Availment							5%	5%	5%
Proportion of encashment on separation							95%	95%	95%



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### A Employee Benefit Obligations

The cost of the defined benefit gratuity plan and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 1 Gratuity

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

01-Apr-16	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-17	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
Defined benefit obligation	(221.49)	(1.70)	(14.46)	(16.16)	81.44			(2.45)	(9.97)	(12.42)	(168.63)	
Fair Value of plan assets	256.47		16.18	16.18	(81.44)	1.44				1.44	192.64	
<b>Benefit Liability</b>	<b>34.97</b>			<b>0.02</b>	<b>0.00</b>					<b>(10.98)</b>	<b>0.00</b>	<b>24.01</b>

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

01-Apr-15	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-16	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
Defined benefit obligation	(271.97)	(1.18)	(18.96)	(20.14)	70.00				0.62	0.62	(221.49)	
Fair Value of plan assets	297.24		21.25	21.25	(70.00)	(1.09)				1.09	6.88	256.47
<b>Benefit Liability</b>	<b>25.27</b>			<b>1.11</b>	<b>0.00</b>					<b>1.71</b>	<b>6.88</b>	<b>34.97</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### B Earned Leave Encashment :

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

01-Apr-16	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-17	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
Defined benefit obligation	(130.88)	(17.08)	(8.48)	(25.56)	62.20				(2.11)	(2.11)		(96.34)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(130.88)</u>			<u>(25.56)</u>	<u>62.20</u>				<u>(2.11)</u>	<u>0.00</u>		<u>(96.34)</u>

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

01-Apr-15	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-16	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
Defined benefit obligation	(85.18)	(48.87)	(4.80)	(53.68)	50.26				(42.28)	(42.28)		(130.88)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(85.18)</u>			<u>(53.68)</u>	<u>50.26</u>				<u>(42.28)</u>	<u>0.00</u>		<u>(130.88)</u>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### C Settlement Allowance :

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

01-Apr-16	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Contributions by employer	31-Mar-17
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(17.92)	(1.75)	(1.12)	(2.87)	7.84				(0.86)	(0.86)		(13.81)
Fair Value of plan assets												
<b>Benefit Liability</b>	<b>(17.92)</b>			<b>(2.87)</b>	<b>7.84</b>				<b>(0.86)</b>	<b>0.00</b>		<b>(13.81)</b>

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

01-Apr-15	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Contributions by employer	31-Mar-16
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(19.08)	(1.97)	(1.53)	(3.49)	6.72		(10.45)	(8.38)	(2.07)			(17.92)
Fair Value of plan assets												
<b>Benefit Liability</b>	<b>(19.08)</b>			<b>(3.49)</b>	<b>6.72</b>				<b>(2.07)</b>	<b>0.00</b>		<b>(17.92)</b>

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS**
**PERTAINING TO STATEMENT OF PROFIT AND LOSS**

(Rs. in lakhs)

Sl. No.	Particulars	Year ended 31.03.2017	Year ended 31.03.2016		
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 31.03.2017	279.48	1,086.93		
2	Employee Benefit expenses includes i) Payments related to Managing Director				
	Salaries	24.31	25.39		
	Provident Fund	2.66	3.03		
	Total	26.97	28.42		
3	Warranty Provision in respect of Turnkey projects has not been considered since warranty is provided by MEA as per the agreement .	-	-		
4	Other expenses include (Travelling and conveyance) Travelling expenses of Directors	5.98	5.76		
5	<b>Additional information as per the requirement of Schedule III of the companies Act, 2013</b>				
	<b>I. Cost of goods sold</b>				
	Imported	64%	1,130.73	28%	648.21
	Indigenous	36%	632.55	72%	1677.07
	<b>TOTAL</b>	<b>100%</b>	<b>1,763.28</b>	<b>100%</b>	<b>2325.28</b>
	<b>II. CIF Value of Imports:</b>				
	Components & Accessories		1,130.73		648.21
	<b>III. Earnings in Foreign Exchange</b>				
	a) FOB Value of Exports		310.64		1,260.92
	b) Technical / project services		329.83		81.50
	<b>TOTAL</b>		<b>640.47</b>		<b>1,342.42</b>
	<b>IV Particulars of turnover:</b>	<b>Qty. Nos.</b>	<b>VALUE</b>	<b>Qty. Nos.</b>	<b>VALUE</b>
	Machine tools, spares & accessories	8	1,834.95	9	2056.18
	Project supplies		-	29	841.51
	Income from Technical services		561.14		468.56
	Export Incentives		1.52		24.49
	<b>TOTAL</b>	<b>8</b>	<b>2,397.61</b>	<b>38</b>	<b>3390.74</b>
	Note: The turnover includes Highseas Sales INR.1130.73 (Previous year INR.648.21)				
	<b>V Expenditure in Foreign Currency:</b>				
	Travelling Expenses		20.68		48.60
	Others		10.37		738.70

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2017**

**DISCLOSURE REQUIREMENT AS PER IAS - 24**

**A - RELATED PARTIES**

Relationship	Associate companies			HMT Limited, Holding Company				
	HMT Machine Tools Ltd.	HMT Watches Ltd.	HMT Bearings Ltd.	Tractors Unit	Common service Division	Corporate Office		
Name of the Transacting Related Party								
Description of the nature of transactions	Purchases & Highseas Sales	Sharing of Common Expenditure	Sharing of Common Expenditure	Inter-corporate Loan*	Maintenance Services	Proposed Dividend	Genral Services	Inter Corporate Loan Renewal*
Value of the transactions	1,130.73	0.09	0.09	115.00	5.55	Nil	43.82	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	743.74 ( DR )	0.09 (DR)	0.09 (DR )	1.56 ( DR )	1.55 (CR)	Nil	33.84 ( DR )	430.00(DR)
Provision for Doubtful	Nil	Nil		Nil	Nil		Nil	Nil

\* Disclosure of loans to Body Corporate u/s 186(2) of Companies Act, 2013

**B. HMT Ltd, being the Holding company shall produce consolidated financial statements for public use**

**Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2015****1 Defined benefit obligation**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

**2 Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments lead to different temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**3 Other comprehensive income**

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind-AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

**4 Others**

The reconciliation between Indian GAAP and IND AS is only on account of classificational changes to comply with the IND AS and Schedule III Division II of Companies Act 2013

**BALANCE SHEET AS AT 31 MARCH 2017**

(Rs. In Lakhs)

	Footnote	IGAAP As at 31-03-2016	Reconcilia- -tions As at 31-03-2016	IND AS As at 31-03-2016	IGAAP As at 01-04-2015	Reconcilia- -tions As at 01-04-2015	IND AS As at 01-04-2015
		INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>ASSETS</b>							
<b>A Non-current assets</b>							
Property, plant and equipment		508.30	-	508.30	521.44	-	521.44
		508.30	-	508.30	521.44	-	521.44
<b>B Current assets</b>							
a) Inventories				-	3.53	-	3.53
b) Financial assets							
i) Trade receivables		917.23	-	917.23	1,045.30	-0.00	1,045.30
ii) Cash and cash equivalents	4	2,446.89	-316.00	2,130.89	2,584.62	-111.00	2,473.62
iii) Loans	4	755.41	-245.41	510.00	969.47	-539.47	430.00
iv) Other Financial Assets	4		333.49	333.49		130.86	130.86
c) Other current assets	4	132.82	227.94	360.76	136.16	519.61	655.77
		4,252.35	0.01	4,252.36	4,739.08	-0.00	4,739.08
		4,760.65	0.01	4,760.66	5,260.52	-0.00	5,260.52
<b>C TOTAL ASSETS (A + B)</b>							
		4,760.65	0.01	4,760.66	5,260.52	-0.00	5,260.52
<b>EQUITY AND LIABILITIES</b>							
<b>A Equity</b>							
a) Equity share capital		72.00	-	72.00	72.00	-	72.00
b) Other equity		3,084.41	95.16	3,179.57	3,052.83	86.12	3,138.95
<b>Total equity</b>		3,156.41	95.16	3,251.57	3,124.83	86.12	3,210.95
<b>B Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions							
Provisionn for Employee benefits	1	85.29	-108.91	23.62	70.48	-100.39	29.91
Deferred tax liabilities (net)	2	118.77	-43.64	75.13	121.38	-36.58	84.80
<b>Total Non-Current Liabilities</b>		204.06	-152.55	51.51	191.86	-136.97	54.89
<b>Current liabilities</b>							
a) Financial liabilities							
i) Trade payables		672.02	0.00	672.02	830.88	-	830.88
b) Other Current Liabilities		601.14	5.24	606.38	925.33	17.87	943.20
Provisions							
c) Provisionn for Employee benefits	1	86.07	51.36	137.43	75.93	32.97	108.90
d) Current Tax Liabilities (net)	4	40.95	0.78	41.73	111.69	-	111.69
<b>Total Current Liabilities</b>		1,400.18	57.39	1,457.57	1,943.83	50.84	1,994.67
		1,604.24	-95.16	1,509.08	2,135.69	-86.12	2,049.57
<b>Total liabilities</b>							
		1,604.24	-95.16	1,509.08	2,135.69	-86.12	2,049.57
<b>C TOTAL EQUITY AND LABILITIES (A + B)</b>							
		4,760.65	0.01	4,760.66	5,260.52	-0.00	5,260.52



**STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	Foot notes	IGAAP 31-Mar-2017 INR Lacs	Reconciliation 31-Mar-2016 INR Lacs	IND As 31 Mar 2016 INR Lacs
<b>CONTINUING OPERATIONS</b>				
(a) Revenue from operations		3,390.74	-	3,390.74
(b) Other income		279.75	-	279.75
<b>Total Income</b>		<b>3,670.49</b>	<b>-</b>	<b>3,670.49</b>
<b>EXPENSES</b>				
(a) Cost of Goods Traded, Service and Works		2,776.72	-	2,776.72
(b) (Increase)/decrease in inventories of finished goods and stock in trade		3.53	-	3.53
(c) Employee benefits expense	1	559.15	-3.18	555.97
(d) Depreciation and amortization expense		13.55	-	13.55
(e) Other expenses		230.29	-	230.29
<b>Total expense</b>		<b>3,583.24</b>	<b>-3.18</b>	<b>3,580.06</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>87.25</b>	<b>3.18</b>	<b>90.43</b>
Share of (profit)/loss of an associate and a joint venture		-	-	-
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>87.25</b>	<b>3.18</b>	<b>90.43</b>
Exceptional items		-	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>87.25</b>	<b>3.18</b>	<b>90.43</b>
(1) Current tax	4	40.95	0.78	41.73
(2) Adjustment of tax relating to earlier periods				
(3) Deferred tax	2	-2.61	-6.91	-9.52
<b>Income tax expense</b>		<b>38.34</b>	<b>-6.13</b>	<b>32.21</b>
<b>Profit for the year from continuing operations</b>		<b>48.91</b>	<b>9.31</b>	<b>58.22</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) before tax for the year from discontinued operations				-
Tax Income/ (expense) of discontinued operations				-
<b>Profit/(loss) from discontinued operations</b>				<b>-</b>
<b>Profit/(loss) for the year</b>		<b>48.91</b>	<b>9.31</b>	<b>58.22</b>
<b>OTHER COMPREHENSIVE INCOME</b>				



**STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017**

(Rs. in lakhs)

	Foot notes	IGAAP 31-Mar-2017 INR Lacs	Reconciliation 31-Mar-2016 INR Lacs	IND As 1-Apr-2015 INR Lacs
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement of the net defined benefit liability/asset				-
Equity instruments through other comprehensive income				-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>				
				-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gains/(losses) on defined benefit plans	3	-0.48	-0.48	
Revaluation of land and buildings		0.16	0.16	
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>				
		-	-0.32	-0.32
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>				
		48.91	8.99	57.90
<b>Profit/(loss) for the year</b>				
<b>Attributable to:</b>				
Equity holders of the parent		48.91	9.31	58.22
<b>Total comprehensive income for the year</b>				
<b>Attributable to:</b>				
Equity holders of the parent		48.91	8.99	57.90
<b>Earnings per share for continuing operations</b>				
Basic, profit from continuing operations attributable to equity holders of the parent		6.79	1.29	8.09
Diluted, profit from continuing operations attributable to equity holders of the parent		6.79	1.29	8.09
<b>Earnings per share for discontinued operations</b>				
Basic, profit from discontinued operations attributable to equity holders of the parent				-
Diluted, profit from discontinued operations attributable to equity holders of the parent				-
<b>Earnings per share from continuing and discontinued operations</b>				
Basic, profit for the year attributable to equity holders of the parent		6.79	1.29	8.09
Diluted, profit for the year attributable to equity holders of the parent		6.79	1.29	8.09

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2017**
**SEGMENT REPORTING AS PER IND AS 108**

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.

<b>DISCLOSURE REQUIREMENT AS PER IND AS - 12</b>	
<b>Depreciation</b>	
Deferred Tax Assets / (Liabilities) as at 01.04.2016	-75.13
Charged / (credit) during the year	-10.54
Deferred Tax Assets / (Liabilities) as at 31.03.2017	<b>-85.67</b>

**Discloser on Specified Bank Notes**

During the year, the company had Specified Bank Notes (SBN's) or other Denominations Notes as defined in the MCA Notification, G.S.R 308(E), dates March 31,2017. The details of SBN's held and transferred during the period from November 8,2016 to December 30,2016, the denominations wise SBN's and other Notes as per the Notification are as follows :

(₹ in lakhs)			
Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on November 8,2016	0.075	0.031	0.106
Add : Permitted Receipts	-	0.194	0.194
Less : Permitted Payments	-	0.193	0.193
Less : Amount Deposited in Banks	0.075	0.020	0.095
<b>Closing cash in hand as on December 30,2016</b>	<b>-</b>	<b>0.012</b>	<b>0.012</b>

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the Notifications of the Government of India, in the Ministry of Finance, Department of Economics Affairs No. So. 3417 (E), dated November 8, 2016.