

HMT (INTERNATIONAL) LIMITED

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BOARD OF DIRECTORS

Shri. S. Girish Kumar	Managing Director
Shri. Vishvajit Sahay (DHI)	Director
Shri. Bhupinder Singh Bhalla	Director

STATUTORY AUDITORS

M/s. MGIRT & 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)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
OPERATING STATISTICS										
Sales	249.45	239.76	339.07	334.01	250.76	340.88	324.03	278.86	307.96	163.62
Other Income	6.76	8.12	4.33	14.97	34.52	74.15	46.41	32.78	11.85	8.13
Sale of Investment/assets	-	-	-	-	-	-	-	-	-	-
Stock accretion	-	-	(0.35)	(1.25)	1.42	(3.98)	2.39	(5.21)	5.21	(3.16)
Interest Income	19.41	22.53	23.65	27.71	24.78	29.45	26.79	18.33	21.90	18.96
	275.62	270.41	366.70	375.44	311.48	440.50	399.62	324.76	346.92	187.55
Purchases	208.61	174.62	230.54	224.95	179.62	235.87	209.55	175.74	190.71	111.97
Employees Costs	27.89	38.49	55.60	64.81	77.27	45.62	48.67	35.19	31.77	20.69
Other Operating Costs	37.55	53.34	70.16	67.64	47.86	88.60	121.95	108.82	82.69	40.23
Depreciation	1.46	1.38	1.35	1.46	1.78	1.86	1.86	1.77	1.75	1.84
	275.51	267.83	357.65	358.86	306.53	371.95	382.03	321.52	306.92	174.73
Gross Profit	0.11	2.58	9.05	16.58	4.95	68.55	17.59	3.24	40.00	12.82
Interest	-	-	-	-	-	0.04	0.20	0.10	0.40	0.20
Net Profit Before Taxes (after prior period)	0.11	2.58	9.05	16.58	4.95	68.51	17.39	3.14	39.60	12.62
Taxes & Deferred Tax	(1.25)	1.94	3.22	11.39	3.92	23.65	3.91	1.07	12.99	2.07
Profit After Taxes	1.36	0.64	5.83	5.19	1.03	44.87	13.48	2.07	26.61	10.56
FINANCIAL POSITION										
Current Assets	417.79	488.92	425.24	473.91	385.77	467.08	488.79	381.93	392.03	320.09
Current Liabilities & Provision	132.56	207.06	143.40	201.43	118.36	201.80	258.61	165.03	175.88	127.89
Net Working Capital	285.23	281.86	281.84	272.48	267.41	265.27	230.18	216.90	216.15	192.20
Net Fixed Assets	48.53	49.99	50.83	52.14	54.89	56.63	48.39	49.67	49.76	50.79
Capital Employed	333.76	331.85	332.67	324.62	322.30	321.90	278.57	266.57	265.91	242.99
Borrowings	-	-	-	-	-	-	-	-	-	2.18
Deferred Tax Liability	7.77	8.57	7.51	12.14	11.92	11.70	11.55	11.35	11.09	10.90
Net Worth	325.99	323.28	325.16	312.48	310.38	310.20	267.02	255.22	254.82	229.91
DATA ON EQUITY CAPITAL										
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Reserves	317.43	315.43	306.52	304.52	302.87	302.88	259.79	248.00	247.49	222.57
Retained Earnings	1.36	0.64	3.82	0.76	0.31	0.12	0.03	0.02	0.13	0.14
Dividend - Normal	-	-	1.44	1.44	0.72	1.44	1.44	1.44	1.44	1.44
- Special	-	-	-	-	-	-	-	-	-	-
Dividend(%) - Normal	-	-	20	20	10	20	20	20	20	20
- Special	-	-	-	-	-	-	-	-	-	-
OTHER STATISTICS										
Cash Flow	2.82	2.02	7.18	6.65	2.81	46.73	15.34	3.84	28.36	12.40
Turnover / Working Capital Ratio	0.87	0.85	1.20	1.23	0.94	1.29	1.41	1.29	1.42	0.85
Return on Capital (%)	0.03	0.78	2.72	5.11	1.54	21.30	6.31	1.22	15.04	5.28
Number of Employees	27	28	33	40	52	59	60	59	61	61
Per Capita Sales	9.24	8.56	10.27	8.35	4.82	5.78	5.40	4.73	5.05	2.68

*Figures are re-grouped where ever required.

To
The Members,
HMT (INTERNATIONAL) LIMITED
BANGAORE

The Board of Directors have pleasure in presenting the 44th Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2017-18 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	2017-18	2016-17
Gross Income from Operations	236.92	351.30
Profit before Interest and Depreciation	15.71	39.62
Gross Profit	15.71	39.62
Provision for Depreciation	14.58	13.75
Net Profit Before Tax	1.13	25.87
Provision for Tax	0.21	4.93
Net Profit After Tax	13.60	6.48
Balance of Profit brought forward	-	0.00
Balance available for appropriation	13.60	6.48
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to General Reserve (OCI*)	13.48	-7.93
Surplus carried to Balance Sheet	27.08	1.45

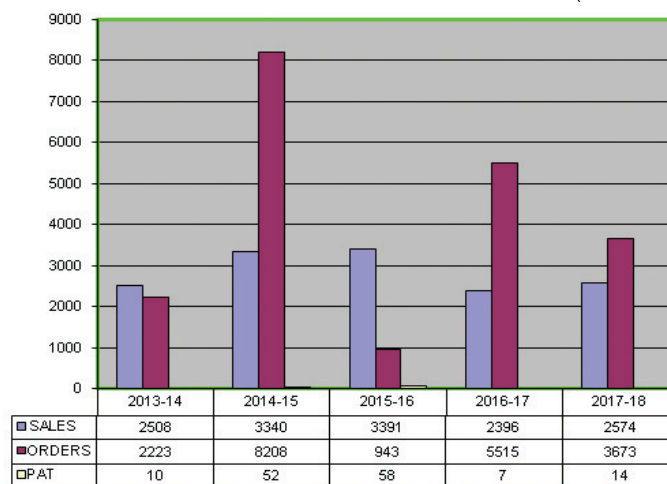
[*OCI : Other Comprehensive Income-presentation under Ind AS]

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

Performance of the Company during the year 2017-18 in terms of turnover at gross levels was Rs.2495 Lakh as against Rs.2398 Lakh achieved during the previous year, i.e. 2016-17. The Order procurement during the year was Rs.3673 Lakh as against Rs.2019 Lakh achieved in the

previous year. With the Turnover of Rs. 2495 lakh, your Company was able to generate the Profit After Tax (PAT) at Rs.13.60 Lakh as against Rs.6.48 Lakh, thereby continuing the trend of profits.

(₹ Lakhs)



2.1 Product-wise Achievements

2.1.1 Machine Tools

During the year, the Company has supplied various HMT Machines to Saudi Arabia, Dubai, Bangladesh, Kuwait, etc. The details are furnished below in brief.

- HMT Radial Drilling Machine, model RD65, Vertical Band Saw machine valued Rs. 32.15 lakhs was supplied to Saudi Arabia.
- HMT Radial Drilling Machine RD65 and Drill Head for RD62 & 65 valued Rs.43.26 lakh were supplied to a customer in Kuwait.
- NH22/1500 Lathe, valued Rs.23.55 Lakh, was supplied to a customer in Dubai.
- Machine Tools valued Rs.375.52 lakh were supplied to Scooters India Ltd.
- CNC Lathe ECONO CNC 32/1000 and High Precision Lathe model NH26, valued Rs.81.70 lakh, were supplied to a UAE customer.
- HMT-Praga Surface Grinding Machine Model 451P was supplied to Bangladesh.
- Armored vehicles valued Rs. 285.61 lakh were supplied to Patna Police, Bihar.

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.
- ❑ To concentrate 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 was imparted to 25 African personnel for a period of four weeks.
- ❑ An Agreement was signed with MEA for setting up of '*Indo-Belize Centre of Engineering*' Belize. The project is valued Rs.373 Lakh.
- ❑ An agreement was signed with MEA for *setting up of Common Facility Centre for Small and Medium Enterprises at Khulna, Bangladesh* valued Rs 973 lakh.
- ❑ An agreement was signed with MEA for "*Upgradation and Modernization of CEDT Le 15, Dakar* Senegal valued Rs. 1365 lakh.
- ❑ Field studies were conducted at Myanmar for setting up of Indo-Myanmar Industrial Training Centers at Monywa and Thaton.
- ❑ Dairy Machinery (Butter Making Machine, Cream Separator and Milk Homogeniser), valued Rs.42.40 lakh was supplied to Nepal.

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.721 lakh was imported and supplied, as compared to Rs.1131 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 and supply of armored vehicles worth Rs.376 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 booking 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, South Africa, 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 project.
- 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, Belize, Senegal, Zimbabwe, South Africa, 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	2017-18	2016-17
Sales Turnover		
HMT Products & Technical Services	320	551
Agency & Others	12	46
Inland sales	558	390
Projects & Services	884	280
High-sea sales	721	1131
Total	2495	2398

3. Reserves

An amount of Rs. 27.08 lakh 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. Particulars of Employees

The total number of employees as on March 31, 2018 stood at 27 (including 2 Scheduled Castes, 1 Scheduled Tribe).

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.

7. 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.

8. Auditors

M/s M G I R T & Co., Chartered Accountants, Bangalore were appointed by the C&AG as Statutory Auditors of the Company for the financial year 2017-18.

9. Auditors' Report

The Statutory Auditors have submitted the Revised Independent Auditor's Report for the year 2017-18. Comments & Auditor General of India on the accounts for the year are given separately. The Financial Statements were prepared based on IND AS 19 without considering the revised gratuity limit if Rs. 20 lacs from Rs. 10 lacs which was implemented by Govt. of India on 29.03.2018 As the Company is maintaining as Exempted Gratuity Fund any amendment can only be implemented after proper Board Approval. And the Board of the Company has approved this only on 28.05.2018. We have already finalized the accounts and have taken approval on 28.05.2018. Hence revision cannot be considered.

10. Internal Audit & Controls

The Company has engaged M/s Manohar & Venkata, Chartered Accountants, as Internal Auditors for the Company for the Financial Year 2017-18. During the year the Company continued to implement their suggestions and recommendations for improvement of systems.

11. 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.

12. 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.

13. Foreign Exchange Earnings and Outgo

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

[Rs. Lakh]

No.	Particulars	2017-18	2016-17
1.	Foreign Exchange earned		
	FOB value of Exports	213	311
	Technical Services	922	330
	TOTAL	1135	641
2.	Outgo of Foreign Exchange		
	Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	9	31

14. 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.

15. 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.

16. 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 31.03.2018, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the year ended on that date;
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;

- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;
- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ✓ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

17 . Related Party Transactions

The details of related party transaction are given in the notes to the Financial Statements. All the party transactions entered during the year were in Ordinary Course of the business and at Arm's Length basis. No material related party transaction, i.e. transaction exceeding 10% of the annual turnover as per the Audited Financial Statement, were entered during the year. Accordingly, the disclosure of Related Party transactions as required under section

134(3) (h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

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, 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: 28-05-2018

MANAGEMENT DISCUSSION & ANALYSIS

A. EXPORT SECTOR & STRATEGIES

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. As production and exports are directly correlated, some correlation between manufacturing production growth and engineering export growth is very likely to exist. Hence, a broad analysis of industrial production, especially of manufacturing sector is effective in the context of engineering export analysis as manufacturing has 77.63% weightage in India's industrial production.

The cumulative rate of exports for the period Apr-March 2017-18 registered a growth of 9.78 percent in Dollar terms and 5.56 percent in Rupee terms over the same period last year. The engineering exports have grown significantly registering 16.81 percent year-on-year growth. The share of engineering exports in India's total merchandise exports was estimated at 26.97 percent in March 2018 while on a cumulative basis, the share was 25.16 percent during April - March 2017-18.

The major markets for Indian engineering products have been the Middle East and West Asia, Africa and Latin American nations.

The Company's major thrust areas are the implementation of projects overseas on turnkey basis like Technical Training Centers, Vocational Training Centers, Information Technology Centers and export of products. All the projects have been implemented on turnkey basis without cost and time overrun that involved supply of machines and equipment, installation & commissioning, training in India in the reputed established institutions and on-the-job training at project site by HMT(I) experts besides technical assistance in management.

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

1. Entrepreneur & Technical Development Centre
2. Vocational Training Centers

3. Information Technology Centers
4. Small & Medium Enterprises Development Centre
5. Tool Rooms for Engineering manufacturing establishments
6. Common Facility Centre
7. Workshops/Laboratories for Engineering / Educational Institutions
8. Lamp chains

The company has over the years set up various Tool Rooms, common Facility Centers, Engineering Workshops, 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 equipments.

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 four decades.
- Exported more than 18500 machine tools, 2000 tractors and 14 lakh watches
- Marketing network in many countries and exports to over 75 countries
- Products are based on technical know-how acquired from world leaders
- Executed major Agricultural Development Project

- Faster after-sales service and spares supply.

Projects & Services

- Proven experience in a spectrum of engineering fields, covering manufacturing, maintenance and execution of turnkey projects in the international market. The Company offers a comprehensive package of consultancy, technical and engineering services from concept to commissioning on turnkey basis.
- Backed by technical and skilled manpower from the Group Companies of HMT.
- Successfully executed projects in areas not entirely within HMT's domain (Fruit Processing, Dairy, Cashew nut processing, manufacture of Water Meter 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 South Africa, Belize, Senegal, etc. for medium technology and medium priced goods to replace high technology western goods
- Stress on industrialization in developing countries opens up market for export of Machinery and 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 2017-18 of the Company is as under -

Sector	Val ₹ Lakh
Machine Tools	332
Projects & Services	884
Inland Sales	558
High-sea sales	721
Total	2495

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, South

Africa, Senegal, Belize, Myanmar, etc. 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
- Ten years' Road Map of the Company.

H. FINANCIAL PERFORMANCE

The Turnover of the Company during the year 2017-18 is Rs.2495 Lakh as compared to Rs.2398 Lakh of the previous year. During the year, the Company has generated a profit of Rs.13.60 Lakh as against a profit of Rs.6.48 Lakh during the previous year.

I. Human Resources

As on March 31, 2018, the Company has a manpower strength of 27 personnel. The standard force of the company is 40 and young professionals in the areas of Technical, Commercial and marketing areas 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.1.00 Lakh has been budgeted in the Annual Operating Plans of the Company for the year 2018-19.

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, 2018, 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 2017-18, Four (4) Board Meetings were held on May 12, September 11 and December 28 in the calendar year 2017 and on February 28 the calendar year 2018.

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	4	-	-	-	-
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 2017-18

Shri S.Girish Kumar

The Managing Director of the company, assumed charge of the post of Chairman & Managing Director of HMT Limited on April 21, 2017. Consequently, he has been assigned the additional charge of the post of Managing Director of HMT (International) Limited with effect from April 21, 2017.

Shri Vishvajit Sahay

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

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 18, 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.

General Body Meetings

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

Financial year	Date	Time	Venue
2014-2015	27.08.2015	11.30 a.m	At the Registered Office of the Company
2015-2016	20.09.2016	12.30 p.m	
2016-2017	20.09.2017	11.30 a.m	

Special Resolution, if any

Annual General Meeting for the current year is scheduled before September 30, 2018 at the Registered Office of the Company.

Disclosures

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

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2018

[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)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual/ HUF									
(b)	Central Government/ State Govt.									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0			100				100	0
	Sub-Total A(1) :	0			100				100	0
(2)	FOREIGN	NIL								
	Sub-Total A (2):	-	-	-	-	-	-	-	-	-
	Total A=A (1) + A(2)	0			100	0			100	0
(B)	PUBLIC SHAREHOLDING	NIL				NIL				
	Sub-Total B (1) :	-	-	-	-	-	-	-	-	-
(2)	NON INSTITUTIONS	NIL				NIL				
	Sub-Total B (2):	-	-	-	-	-	-	-	-	-
	Total B = B (1)+B(2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :									
(C)	Shares held by custodians, against which Depository Receipts have been issued	NIL								
(1)	Promoter and Promoter Group									
(2)	Public									
	Grand Total (A+B+C)	0	NIL	NIL	100	0	NIL	NIL	100	0

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 01.04.2017</i>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
<i>Indebtedness at the end of the financial year 31.03.2018</i>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Whole-time 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	73,297/- - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify	
5	Others Medical	-
	Total (A)	73,297/-
	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	N.A	
- Commission		
- Others, please specify		
Total (1)		
Other Non-Executive Directors		
Particulars of Remuneration		
Total (2)		
Total (B)=(1+2)		
Total Managerial Remuneration		
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	
			Total (Rs.)
1.	Gross salary(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	
	(b)Value of perquisites u/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	-	
	TOTAL	-	

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)
A. COMPANY					
Penalty			None		
Punishment			None		
Compounding			None		
B. DIRECTORS					
Penalty			None		
Punishment			None		
Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment			None		
Compounding			None		

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2017-18

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of HMT (International) Limited,

We have examined the compliance of conditions of Corporate Governance by HMT (International) Limited, ("the Company"), for the year ended on 31st March 2018, 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 MGIRT & CO.,
(Chartered Accountants)
(FRN 002047S)

GOPAL RATHI
Partner
(M No.208893)

Place : Banagalore
Date : 28-05-2018

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, 2018

Place : Banagalore
Date : 25-05-2017

(S.Girish Kumar)
Managing Director

REVISED INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
HMT (INTERNATIONAL) LIMITED,
BANGALORE

Report on the Financial Statements

We have audited the accompanying financial statements of **HMT (INTERNATIONAL) LIMITED**, ("the Company"), which comprise the Balance Sheet as on **31st March, 2018**, 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
5. CFCK, Bangladesh
6. CEDT, Senegal and
7. IBCE, Belize

as at **31st March, 2018**, 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. Subsequently the audit report has undergone revision in the light of observations of the Comptroller and Auditor General of India. This supersedes our earlier report dated 28th May 2018, the one observation is qualified and another one is disclosed under Annexure-A: Referred to in paragraph 3 & 4 under "Report on Other Legal and Regulatory requirements" point no. (vii) (b) (i) & (ii)

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.

Gratuity Liability, under a defined benefit scheme. The company had provided the provision for gratuity liability considering the ceiling limit as Rs 10 lakh instead of the enhanced limit of Rs 20 lakh which was notified by Government of India on 29th march 2018. This has resulted in non compliance to the provisions of payment of Gratuity (Amendment) act 2018 and IND AS 19 Employee benefits. The impact on the accounts could not be quantified due to non availability of data.

- a) In the case of the Balance Sheet, of the state of affairs of the Company, as at **31st March, 2018**.
- 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;

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 MGIRT & CO.,
(Chartered Accountants)
(FRN 002047S)

Place : Bangalore
Date : 26.07.2018

GOPAL RATHI
Partner (M No.208893)

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

- | | |
|---|---|
| <p>(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.</p> <p>b) We are informed that the Company has a procedure for physical verification of Fixed Assets once in three years. The physical verification 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.</p> <p>c) The title deed of the immovable property is in the name of the Company.</p> | <p>(vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, 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</p> |
| <p>(ii) Physical verification of inventory has been conducted at reasonable intervals by the management. No material discrepancies are noticed.</p> | <p>(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). was passed in favor of the company during F.Y. 2017-18 but the Income tax department has filed an appeal to next higher Authority.</p> |
| <p>(iii) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s.189 of the Companies Act, 2013. Accordingly, sub clauses (a), (b) and (c) are not applicable.</p> | <p>ii) FY 2010-11, revision order u/s 263 in dispute and the appeal filed before Income tax Appellate Tribunal is pending.</p> |
| <p>(iv) The company has not granted any loan to Directors covered U/s.185 of the Companies Act, 2013.</p> | <p>iii) FY 2011-12 of Rs. 148.18 Lakhs is in dispute and an application for rectification of the order has been filed.</p> |
| <p>The Company has complied with the provisions of Sec. 186 of the Companies Act, 2013.</p> | <p>iv) FY 2013-14 of Rs. 36.04 Lakhs is in dispute and an application for rectification of the order has been filed.</p> |
| <p>(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.</p> | <p>(viii) The Company has not availed any loans from financial institution or bank or debenture holders during the year.</p> |
| <p>(vi) Maintenance of cost records under Sec.148 (1) of the Companies Act, 2013 has not been prescribed for the Company.</p> | <p>(ix) The Company has not raised any moneys by way of public issue / follow on offer during the year.</p> |
| | <p>(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.</p> |
| | <p>(xi) The Company has paid Managerial Remuneration in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013.</p> |

- (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 **31st March, 2018** 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.

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, 2018**, 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 MGIRT & CO.,
(Chartered Accountants)
(FRN 002047S)

GOPAL RATHI
Partner
(M No.208893)

Place : Bangalore
Date : 26.07.2018

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 2018

The preparation of financial statements of HMT (International) Limited, Bangalore for the year ended 31 March 2018 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 26 July 2018.

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 2018. 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. Tochhawng)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 26 July 2018**

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2018**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 2018, 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.

A. PROPERTY, PLANT AND EQUIPMENT-IND AS 16

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 AS37

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 - IND AS 18

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 - IND AS 33

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 2018

(Rs. in lakhs)

	Notes No.	As at 31-03-2018	As at 31-03-2017
ASSETS			
A Non-current assets			
(a) Property, Plant and Equipment	3	485.30	499.87
(b) Other non-current assets	4	97.65	67.34
		582.95	567.21
B Current assets			
(a) Inventories	5	16.48	-
(b) Financial assets			
i) Trade receivables	6	1,163.88	1,397.40
ii) Cash and cash equivalents	7	2,539.40	1,578.15
iii) Loans	8	-	430.00
iv) Other Financial Assets	9	27.56	841.25
(c) Other current assets	10	332.91	642.40
		4,080.23	4,889.20
C TOTAL ASSETS (A + B)		4,663.18	5,456.41
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	11	72.00	72.00
(b) Other equity	12	3,187.88	3,160.80
Total equity		3,259.88	3,232.80
B Liabilities			
Non-current liabilities			
(a) Provisions			
(i) Provision for Employee benefits	13	46.21	80.43
(b) Deferred tax liabilities (net)		77.66	85.66
Total Non-Current Liabilities		123.87	166.09
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	14	774.33	911.49
Other Current Liabilities	15	407.59	1,068.05

Balance Sheet as at 31 March 2018

(Rs. in lakhs)

	Notes No.	As at 31-03-2018	As at 31-03-2017
(b) Provisions			
(i) Provision for Employee benefits	13	97.29	73.05
(c) Current Tax Liabilities (net)		0.21	4.93
Total Current Liabilities		1,279.42	2,057.52
Total liabilities		1,403.30	2,223.61
C TOTAL EQUITY AND LABILITIES (A + B)		4,663.18	5,456.41
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 MGIRT & Co.**
Chartered Accountants (FRN 002047S)
S. Girish Kumar

 Chairman & Managing Director
DIN : 03385073

Vishvajit Sahay

 Director
DIN : 06840620

Bhupinder Singh Bhalla

 Director
DIN : 06475874

K. Narayana Murthy

Asst. General Manager (Finance)

GOPAL RATHI

 Partner
(M.No.208893)

Place: Bangalore
Date : 28.05.2018

Statement of Profit and Loss for the year ended 31 March 2018

(Rs. in lakhs)

	Notes No.	31-Mar-18 INR Lacs	31-Mar-17 INR Lacs
CONTINUING OPERATIONS			
(a) Revenue from operations	16	2,494.51	2,397.61
(b) Other income	17	261.65	306.51
Total Income		2,756.17	2,704.12
EXPENSES			
(a) Cost of Goods Traded, Service and Works	18.a	2,274.07	2,046.31
(b) (Increase)/decrease in inventories of finished goods and stock in trade	18.b	-16.48	-
(c) Employees' benefits expense	19	278.86	384.86
(d) Depreciation and amortization expense	20	14.58	13.75
(e) Other expenses	21	204.01	233.32
Total expense		2,755.04	2,678.24
Profit/(loss) before exceptional items and tax from continuing operations		1.13	25.87
Share of (profit)/loss of an associate and a joint venture		-	-
Profit/(loss) before exceptional items and tax from continuing operations		1.13	25.87
Exceptional items		-	-
Profit/(loss) before tax from continuing operations		1.13	25.87
(1) Current tax		0.21	4.93
(2) Adjustment of tax relating to earlier periods			
(3) Deferred tax		-12.69	14.46
Income tax expense		-12.47	19.39
Profit for the year from continuing operations		13.60	6.48
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the year		13.60	6.48
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Re-measurement of the net defined benefit liability/asset		-	-
Equity instruments through other comprehensive income		-	-

Statement of Profit and Loss for the year ended 31 March 2018

(Rs. in lakhs)

	Notes No.	31-Mar-18 INR Lacs	31-Mar-17 INR Lacs
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	22	18.16	-11.84
Income Tax effect		-4.68	3.92
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		13.48	-7.93
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		27.08	-1.45
Profit/(loss) for the year			
Attributable to:			
Equity holders of the parent		13.60	6.48
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		18.16	-11.84
Earnings per share for continuing operations			
Basic, profit from continuing operations attributable to equity holders of the parent		1.89	0.90
Diluted, profit from continuing operations attributable to equity holders of the parent		1.89	0.90
Earnings per share for discontinued operations			
Basic, profit from discontinued operations attributable to equity holders of the parent		-	-
Diluted, profit from discontinued operations attributable to equity holders of the parent		-	-
Earnings per share from continuing and discontinued operations			
Basic, profit for the year attributable to equity holders of the parent		1.89	0.90
Diluted, profit for the year attributable to equity holders of the parent		1.89	0.90
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 MGIRT & Co.

Chartered Accountants (FRN 002047S)

S. Girish Kumar

 Chairman & Managing Director
DIN : 03385073

Vishvajit Sahay

 Director
DIN : 06840620

Bhupinder Singh Bhalla

 Director
DIN : 06475874

K. Narayana Murthy

Asst. General Manager (Finance)

GOPAL RATHI

 Partner
(M.No.208893)

Place: Bangalore

Date : 28.05.2018

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-18 INR Lacs	31-Mar-17 INR Lacs
Operating activities		
Profit before tax from continuing operations	1.13	25.87
Profit/(loss) before tax from discontinued operations	-	-
Profit before tax	1.13	25.87
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	14.58	13.75
Finance Income (Interest)	-194.08	-225.30
<i>Working capital adjustments:</i>		
(Increase)/Decrease in Trade Receivables and other receivables	1,356.71	-1,269.58
(Increase)/Decrease in Inventories	-16.48	-
Increase/(Decrease) in Trade and other payables	-367.62	781.14
Increase/(Decrease) in Net Employee Defined Benefit Liabilities	8.17	-39.52
	802.41	-713.64
Income tax paid	-4.93	-41.73
Net cash flows from operating activities	797.48	-755.38
Investing activities		
Purchase of property, plant and equipment	-	-5.32
Other Current Assets	-30.31	-
Interest received	194.08	225.30
Net cash flows used in investing activities	163.77	219.98
Financing activities		
Dividend paid	-	-17.33
Net cash flows from/(used in) financing activities	-	-17.33
Net increase in cash and cash equivalents	961.25	-552.73
Cash and cash equivalents at the beginning of the year	1,578.15	2,130.89
Cash and cash equivalents at year end	2,539.40	1,578.16

For and on behalf of the Board

 As per our report of even date
For MGIRT & Co.

Chartered Accountants (FRN 002047S)

S. Girish Kumar

 Chairman & Managing Director
DIN : 03385073

Vishvajit Sahay

 Director
DIN : 06840620

Bhupinder Singh Bhalla

 Director
DIN : 06475874

K. Narayana Murthy

Asst. General Manager (Finance)

GOPAL RATHI

 Partner
(M.No.208893)

Place: Bangalore

Date : 28.05.2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. 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
Cost or Valuation						
At 1 April 2016	676.75	41.61	0.61	99.17	15.67	833.81
Additions				5.32		5.32
Disposals						-
At 31 March 2017	676.75	41.61	0.61	104.49	15.67	839.13
Additions				-		-
Disposals						
Gross Block At 31 March 2018	676.75	41.61	0.61	104.49	15.67	839.13
Depreciation and impairment						
At 1 April 2016	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	13.74
Disposals						
At 31 March 2017	186.62	41.61	0.56	96.76	13.70	339.25
Depreciation charge for the year	11.27	-	0.01	2.59	0.71	14.58
Disposals						
Depreciation Reserve At 31 March 2018	197.89	41.61	0.57	99.35	14.41	353.83
Net book value						
At 31 March 2018	478.86	-	0.04	5.14	1.26	485.30
At 31 March 2017	490.13	-	0.05	7.73	1.97	499.87

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
4. Other Non Current Assets		
Gratuity	97.65	67.34
Total Other Current Assets	97.65	67.34
5. Inventories		
Stock-in-trade at lower of cost or net realizable value	-	46.86
	16.48	-46.86
Stock In Trade at the lower of cost and net realisable value	16.48	-
6. Trade Receivables		
Trade receivables	1,001.11	653.48
Receivables from related parties	162.77	743.92
Total Trade Receivables	1,163.88	1,397.40
Break-up for security details:		
Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due	243.56	255.28
Outstanding for a period less than six months from the date they are due	920.32	1,142.12
Total Trade Receivables	1,163.88	1,397.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
7. Cash and Cash equivalents		
Balances with banks:		
In current accounts	54.22	68.15
In Earmarked Accounts	193.82	416.57
Fixed Deposits including Lien for Bank Guarantees	2,291.36	1,093.43
Total Cash and Cash equivalents	2,539.40	1,578.15
8. Loans		
Non-current	-	-
Current		
Inter-corporate Loan to HMT Limited	-	430.00
Total Current Loans	-	430.00
Total Loans	-	430.00
9. Other Financial Assets		
Non-current	-	-
Current		
Deposits with Banks exceeding 12 months	-	817.11
Interest accrued but not due	27.56	24.14
Total Other Current Financial Assets	27.56	841.25
Total Other Financial Assets	27.56	841.25
10. Other Current Assets		
Due from Holding Company	-	33.85
Deposit	3.61	3.61
EMD	3.75	11.60
Claims towards refund of service tax	0.27	0.27
Claims receivables	8.20	89.22
Export Incentives receivables	4.96	30.55
Advances to employees	1.51	5.59
Others		
Advances paid to suppliers / services providers	7.28	241.57
Advance Service Tax	27.49	31.27
GST Receivable	15.53	-
Income Tax Refundable	218.27	192.73
TDS (AY 2018-19)	34.37	-
Prepayments	7.66	2.14
Total Other Current Assets	332.91	642.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
11. EQUITY SHARE CAPITAL

Authorised share capital	Equity Shares	
	No in Lacs	INR Lacs
At 1 April 2016	80.00	800.00
Increase/(decrease) during the year	0.00	-
At 31 March 2017	80.00	800.00
Increase/(decrease) during the year	0.00	-
At 31 March 2018	80.00	800.00
Issued equity capital		
Equity shares of INR 10 each issued and fully paid		
	No in Lacs	INR Lacs
At 1 April 2016	7.20	72.00
Increase/(decrease) during the year		
At 31 March 2017	7.20	72.00
Increase/(decrease) during the year		
At 31 March 2018	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 2018		As at 31 March 2017	
	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 2018	31 Mar 2017
	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
TOTAL	7.200	7.200

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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
At 1 April 2017	7.20	72.00
Changes in equity share capital during the year		
At 31 March 2017	7.20	72.007
Changes in equity share capital during the year		
At 31 March 2018	7.20	72.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
12. 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
Restated Balance as on 1st April 2016	3,065.26	136.27	-	-21.95	3,179.58
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
At 31 March 2017	3,065.26	125.42	-	-29.88	3,160.80

	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
Balance as of 1st April 2017	3,065.26	125.42	-	-29.88	3,160.80
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				13.48	13.48
Dividends including (DDT)		-			-
Profit for the period		13.60			13.60
At 31 March 2018	3,065.26	139.02	-	-16.40	3,187.88

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
13. Provision for Employee Benefits		
Non-Current		
Gratuity	-	-
Earned Leave Encashment	40.52	71.64
Settlement Allowance	5.68	8.79
Total Non Current	46.21	80.43
Current		
Gratuity (For FY 2017-18)	60.04	43.33
Earned Leave Encashment	31.94	24.70
Settlement Allowance	5.31	5.02
Total Current	97.29	73.05
Total Net employee defined benefit liabilities	143.49	153.48
	45.85	-97.64
14. Trade payables		
Trade Payables	768.38	906.24
Micro,small and medium enterprises	5.95	5.25
Total Trade payables	774.33	911.49
15. Other Current Liabilities		
Revenue received in advance	157.39	883.52
Due from Holding Company	84.51	-
Salaries and arrears payable	77.43	110.00
Statutory Dues Payable	5.78	7.18
Earnest Money Deposits	7.94	6.06
Retention Money from Suppliers	1.92	2.76
Tax Payables	1.01	0.74
Sundry Creditors (TA)	3.31	4.26
MEA Warranty	37.41	22.25
PF Trust Loss payable	28.70	28.70
Others	2.18	2.56
Total Other Current Liabilities	407.59	1,068.03
Total Other Liabilities	407.59	1,068.03

NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2018
PERTAINING TO BALANCE SHEET

(Rs. in lakhs)

Sl. No.	Particulars	As at 31.03.2018	As at 31.03.2017
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.	2,485.19	1,587.10
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)	5.95	5.25
b	Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	NIL	NIL
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	4.99	4.56
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 31.03.2018
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. 17 Lakhs during FY 17-18 , which has been accounted as Income under “ Recovery of debts written off” for the respective years.
b)	M/s. Nawab Cashew Packers, Kerala : Executiion 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	Proposed Dividend As per IND AS 10 :
	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.

NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2018

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	Food Processing Division	Corporate Office		
Name of the Transacting Related Party	Purchases & Highseas	Sharing of Common Expenditure	Sharing of Common Expenditure	Inter-corporate Loan*	Maintenance Services	Purchase and Sales	Proposed Dividend Renewal*	Genral Services Loan	Inter Corporate
Description of the nature of transations									
Sales									
Value of the transaction	721.43	0.02	0.06	-	20.06	214.20	Nil	56.10	Nil
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	162.67 (DR)	0.31(DR)	0.09 (DR)	1.56 (DR)	1.84 (CR)	129.20(CR)	Nil	44.36(DR)	Nil
Provision for Doubtful	Nil	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

NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2018
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.

DISCLOSURE REQUIREMENT AS PER IND AS - 12
Depreciation

Deferred Tax Assets / (Liabilities) as at 01.04.2017	-85.67
Charged / (credit) during the year	-8.01
Deferred Tax Assets / (Liabilities) as at 31.03.2018	-77.66

HMT (INTERNATIONAL) LIMITED
Directions u/s. 143(5) of Companies Act 2013 -FY 2017-18

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

Sr. 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 (Arbitration amount). KEL has paid Rs.17/- Lakhs during FY 2017-18.
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 MGIRT & CO.,
Chartered Accountants

GOPAL RATHI
Partner

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
16. Revenue from operations		
Sale of products	1,500.80	1,834.95
Technical Services	105.16	281.67
Projects Sales of Products	731.81	-
Projects Services	152.64	279.48
Export Assistance	4.10	1.52
Total	2,494.51	2,397.62
17. Other income		
A. Other Non Operating Income		
Provision of No Longer required	0.36	-
Miscellaneous Income	6.15	2.02
Bad Debts Written off recovered	17.00	60.00
FOB Charges Units	14.41	9.35
Creditors/Debtors written Off	29.65	9.85
	67.57	81.22
B. Interest income		
Interest on Advances and Others	-	0.03
Interest on Bank Deposits with Banks	144.79	163.64
Interest on Inter corporate loan	49.28	61.63
	194.08	225.30
Total Other income	261.65	306.52
18. Cost of Goods Traded, Service and Works		
a. Cost of Goods Traded, Service and Works		
Purchases	2,083.09	1,746.22
Purchases for Service contract	19.51	17.07
Training	30.09	83.11
Fee for Services Rendered	31.99	81.85
Freight on export	61.66	46.45
Insurance on exports	2.11	0.34
ECGC Premium	0.13	0.18
Clearing, handling and inspection	13.77	7.84
Overseas Agency Commission to agents	4.01	-
Erection & Commissioning charges	4.75	43.09
Warranty Claims	11.20	-
Other expenses (As per below schedule)	11.78	20.20
Cost of Goods Traded, Service and Works	2,274.07	2,046.35

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
Other Expenses		
Printing & stationery	-	0.03
Communication	-	0.09
Advertisement & Publicity	1.83	-
Office Maintenance	0.01	-
Travelling & Conveyance	6.58	18.45
Delegation & export promotion	0.08	0.07
After Sales Service	0.28	0.04
Entertainment Expenses	0.36	0.27
Bank charges	2.64	1.18
Miscellaneous	-	0.07
Total	11.78	20.20
b. (Increase) / Decrease in Inventories		
Inventory at the beginning of the year	-	-
Less: inventory at the end of the year	16.48	-
	-16.48	-
Total	2,257.59	2,046.35
19. Employees' benefits expense		
Salaries, Wages, Bonus and other benefits	213.95	289.74
House Rent Allowance	5.61	9.54
Gratuity Premium	1.00	0.04
Contribution to Provident Fund	26.19	34.96
Earned Leave Encashment	9.90	27.66
Settlement Allowance	2.26	2.87
Gratuity cost	-1.53	-0.02
Sales Incentive Bonus	2.77	3.27
Medical Benefits	5.70	7.67
Township	7.44	3.96
Conveyance Reimbursement	3.01	3.19
Deposit Linked Insurance - PF	2.27	1.57
Staff Welfare Expenses	0.29	0.41
Total	278.86	384.86
20. Depreciation and amortization expense		
Depreciation of tangible assets	14.58	13.75
Total	14.58	13.75

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
21. Other expenses		
Rent	8.94	8.72
Rates and taxes excluding tax on income	0.82	0.79
Office Maintenance	21.61	18.74
Printing & stationery	3.83	1.99
Recruitment Expenses	0.74	0.72
Royalty	-	1.21
Books, periodicals & membership fees	0.67	1.17
Electricity & water	0.30	0.27
Advertisement & Publicity	2.51	3.59
Postage, Telegrams, Courier	0.72	0.98
Communication	6.68	7.33
Audit fee:		
Statutory audit (including service tax)	0.51	0.51
Tax audit (including service tax)	0.15	0.15
Travelling & Conveyance	26.83	38.68
Delegation & export promotion	1.02	2.42
After sales service	0.55	3.43
Entertainment Expenses	2.17	2.68
Repairs & Maintenance other than building & machinery	2.33	2.40
Training, seminars & conference	0.86	-
Vehicle maintenance	0.75	2.71
Professional and legal charges	1.34	2.28
Bank charges	9.26	5.67
Fees for services rendered	46.89	35.31
Common expenses paid to Holding Co.	45.00	43.82
Corporate Social Responsibility (CSR)	0.01	0.08
Security Charges	11.46	11.38
Board Meeting Expenses	0.41	0.37
Miscellaneous expenses	8.12	5.39
PF Trust Loss	-	28.70
Exchange Difference (Net)	-0.48	1.83
Total	204.01	233.32
22. Other Comprehensive Income		
Re-measurement gains/(losses) on defined benefit plans for		
Earned Leave Encashment	3.99	-
Gratuity	12.06	-10.98
Settlement Allowance	2.10	-0.86
Total	18.16	-11.84

For and on behalf of the Board

As per our report of even date
For MGIRT & Co.

Chartered Accountants (FRN 002047S)

S. Girish Kumar

Chairman & Managing Director
DIN : 03385073

Vishvajit Sahay

Director
DIN : 06840620

Bhupinder Singh Bhalla

Director
DIN : 06475874

K. Narayana Murthy

Asst. General Manager (Finance)

GOPAL RATHI

Partner
(M.No.208893)

Place: Bangalore

Date : 28.05.2018

NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31-03-2018
PERTAINING TO STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

Sl. No.	Particulars	Year ended 31.03.2018	Year ended 31.03.2017		
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 31.03.2018	884.46	279.48		
2	Employee Benefit expenses includes i) Payments related to Managing Director				
	Salaries	0.65	24.31		
	Provident Fund	0.08	2.66		
	Total	0.73	26.97		
3	Other expenses include (Travelling and conveyance) Travelling expenses of Directors	5.71	5.98		
4	Additional information as per the requirement of Schedule III of the companies Act, 2013				
	I. Cost of goods sold				
	Imported	34 %	721.43	64 %	1130.73
	Indigenous	66%	1,411.31	36 %	632.55
	TOTAL	100%	2,132.74	100%	1763.28
	II. CIF Value of Imports:				
	Components & Accessories		721.43		1,130.73
	III. Earnings in Foreign Exchange				
	a) FOB Value of Exports		212.74		310.64
	b) Technical / project services		922.21		329.83
	TOTAL		1,134.95		640.47
	IV Particulars of turnover:	Qty. Nos.	VALUE	Qty. Nos.	VALUE
	Machine tools, spares & accessories	6	1,500.80	8	1834.95
	Project Service & Supplies	18	884.46	29	841.51
	Income from Technical services		105.16		468.56
	Export Incentives		4.10		24.49
	TOTAL	24	2,494.51	38	3390.74
	Note: The turnover includes Highseas Sales INR.721.43 (Previous year INR.1130.73)				
	V Expenditure in Foreign Currency:				
	Travelling Expenses		8.15		20.68
	Others		1.14		10.37

Note to Financial Statements for the year ended 31 March 2018

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

Particulars	(Rs. In Lakhs)	
	Year Ended 31-Mar-18	Year Ended 31-Mar-17
i) Defined Contribution Plan:		
Employer's Contribution to Pension Fund	-	-

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

	31-Mar-18	31-Mar-17
	%	%
Discount rate:		
Gratuity plan	7.81	8.00
Settlement Allowance	7.81	8.00
Earned Leave Encashment	7.81	8.00
Future salary increases:		
Gratuity plan	7.00	7.00
Settlement Allowance	7.00	8.00
Earned Leave Encashment	7.00	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance		Leave Encashment	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	5%	5%	5%	5%	5%	5%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%	1% to 3%	
Attrition Rate			5%	5%	5%	5%
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	11.15	10.1	11.15	7.58		
Proportion of Leave Availment					1%	5%
Proportion of encashment on separation					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 o 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 2018 changes in the defined benefit obligation and fair value of plan assets

01-Apr-17	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-18	
	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	(168.63)	(1.53)	(11.08)	(12.61)	39.61			1.24	10.48	11.72		129.91
Fair Value of plan assets	192.64		14.14	14.14	(39.61)	0.34				0.34		167.51
Benefit Liability	24.01			1.53	0.00					12.06	0.00	37.60

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
Benefit Liability	34.97			0.02	0.00					(10.98)	0.00	24.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

B Earned Leave Encashment :

31 March 2018 changes in the defined benefit obligation and fair value of plan assets

01-Apr-17	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-18
	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
Defined benefit obligation	(96.34)	(3.06)	(6.84)	(9.90)	29.79				3.99	3.99	(72.46)
Fair Value of plan assets											
Benefit Liability	(96.34)			(9.90)	29.79				3.99	0.00	(72.46)

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
Defined benefit obligation	(130.88)	(17.08)	(8.48)	(25.56)	62.20				(2.11)	(2.11)	(96.34)
Fair Value of plan assets											
Benefit Liability	(130.88)			(25.56)	62.20				(2.11)	0.00	(96.34)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

C Settlement Allowance :

31 March 2018 changes in the defined benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-18	
	01-Apr-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
Defined benefit obligation	(13.81)	(1.12)	(1.14)	(2.26)	2.97				2.10	2.10		(11.00)
Fair Value of plan assets		(1.12)										
Benefit Liability	<u>(13.81)</u>			<u>(2.26)</u>	<u>2.97</u>				<u>2.10</u>	<u>0.00</u>		<u>(11.00)</u>

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

	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-17	
	01-Apr-15	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
Defined benefit obligation	(17.92)	(1.75)	(1.12)	(2.87)	7.84				(0.86)	(0.86)		(13.81)
Fair Value of plan assets												
Benefit Liability	<u>(17.92)</u>			<u>(2.87)</u>	<u>7.84</u>				<u>(0.86)</u>	<u>0.00</u>		<u>(13.81)</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	31-Mar-2018 INR Lacs	31-Mar-2017 INR Lacs
Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	13.60	6.48
Discontinued operation	0.00	0.00
Total Profit including OCI	13.60	6.48
Less Other Comprehensive income	0.00	0.00
Profit attributable to equity holders for basic earnings	13.60	6.48
Profit attributable to equity holders of the parent adjusted for the effect of dilution	13.60	6.48
Weighted average number of Equity shares for basic EPS*	7,20,000	7,20,000
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	7,20,000	7,20,000

* 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.

Income Tax

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

Statement of profit and loss

Profit or loss section

	31-Mar-18	31-Mar-17
	INR Lacs	INR Lacs
Current income tax:		
Current income tax charge	0.21	4.93
Deferred tax:		
Relating to origination and reversal of temporary differences	-12.69	14.46
Income tax expense reported in the statement of profit or loss	-12.47	19.39

OCI section

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

	31-Mar-18	31-Mar-17
	INR Lacs	INR Lacs
Net loss/(gain) on remeasurements of defined benefit plans	4.68	3.92
Income tax charged to OCI	-4.68	3.92

Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2018 and 31 March 2017

	31-Mar-18	31-Mar-17
	INR Lacs	INR Lacs
Accounting profit before tax from continuing operations	1.13	90.43
Accounting profit before income tax	1.13	25.87
At India's statutory income tax rate of 25.75% (31 March 2016: 33.063%)	0.25	8.55
Depreciation	-0.56	1.84
Defined Benefit Obligations	-5.70	13.07
Effect of lower taxes paid through MAT	0.08	
At the effective income tax rate of 74.95% (31 March 2016: 35.62%)	-5.89	23.46
Income tax expense reported in the statement of profit and loss	-12.47	19.39
	-12.47	19.39

Reconciliation of deferred tax liabilities, net

	31-Mar-18	31-Mar-17
	INR Lacs	INR Lacs
Opening balance as of 1 April	85.67	75.13
Tax income/(expense) during the period recognised in profit or loss	-12.69	14.46
Tax income/(expense) during the period recognised in OCI	4.68	-3.92
Closing balance as at 31 March	77.65	85.67

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.