

## HMT (INTERNATIONAL) LIMITED

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**BOARD OF DIRECTORS**

Shri. S. Girish Kumar	Managing Director
Shri. Vishvajit Sahay	Director (Upto 15.03.2019)
Shri. Pravin Agrawal	Additional Director (From 15.03.2019)
Shri. Bhupinder Singh Bhalla	Director
Shri Sathyanarayanan Sethumadhavan	Independent Director (From 28.03.2019)

**STATUTORY AUDITORS**

M/s. G P S V & 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)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>OPERATING STATISTICS</b>										
Sales	570.74	249.45	239.76	339.07	334.01	250.76	340.88	324.03	278.86	307.96
Other Income	2.39	5.32	8.12	4.33	14.97	34.52	74.15	46.41	32.78	11.85
Stock accretion	-	-	-	(0.35)	(1.25)	1.42	(3.98)	2.39	(5.21)	5.21
Interest Income	18.30	19.41	22.53	23.65	27.71	24.78	29.45	26.79	18.33	21.90
	<b>591.43</b>	<b>274.18</b>	<b>270.41</b>	<b>366.70</b>	<b>375.44</b>	<b>311.48</b>	<b>440.50</b>	<b>399.62</b>	<b>324.76</b>	<b>346.92</b>
Purchases	469.72	208.61	174.62	230.54	224.95	179.62	235.87	209.55	175.74	190.71
Employees Costs	31.04	27.89	38.49	55.60	64.81	77.27	45.62	48.67	35.19	31.77
Other Operating Costs	68.99	36.11	53.34	70.16	67.64	47.86	88.60	121.95	108.82	82.69
Depreciation	1.48	1.46	1.38	1.35	1.46	1.78	1.86	1.86	1.77	1.75
	<b>571.24</b>	<b>274.07</b>	<b>267.83</b>	<b>357.65</b>	<b>358.86</b>	<b>306.53</b>	<b>371.95</b>	<b>382.03</b>	<b>321.52</b>	<b>306.92</b>
Gross Profit	20.19	0.11	2.58	9.05	16.58	4.95	68.55	17.59	3.24	40.00
Interest	-	-	-	-	-	-	0.04	0.20	0.10	0.40
Net Profit Before Taxes <i>(after prior period)</i>	20.19	0.11	2.58	9.05	16.58	4.95	68.51	17.39	3.14	39.60
Taxes & Deferred Tax	5.09	(1.25)	1.94	3.22	11.39	3.92	23.65	3.91	1.07	12.99
Profit After Taxes	15.10	1.36	0.64	5.83	5.19	1.03	44.87	13.48	2.07	26.61
<b>FINANCIAL POSITION</b>										
Current Assets	767.90	417.79	488.92	425.24	473.91	385.77	467.08	488.79	381.93	392.03
Current Liabilities & Provision	472.27	132.56	207.06	143.40	201.43	118.36	201.80	258.61	165.03	175.88
Net Working Capital	295.63	285.23	281.86	281.84	272.48	267.41	265.27	230.18	216.90	216.15
Net Fixed Assets	47.15	48.53	49.99	50.83	52.14	54.89	56.63	48.39	49.67	49.76
Capital Employed	342.78	333.76	331.85	332.67	324.62	322.30	321.90	278.57	266.57	265.91
Deferred Tax Liability	4.91	7.77	8.57	7.51	12.14	11.92	11.70	11.55	11.35	11.09
Net Worth	337.87	325.99	323.28	325.16	312.48	310.38	310.20	267.02	255.22	254.82
<b>DATA ON EQUITY CAPITAL</b>										
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Reserves	315.56	317.43	315.43	306.52	304.52	302.87	302.88	259.79	248.00	247.49
Retained Earnings	15.11	1.36	0.64	3.82	0.76	0.31	0.12	0.03	0.02	0.13
Dividend - Normal	1.44	-	-	1.44	1.44	0.72	1.44	1.44	1.44	1.44
- Special	-	-	-	-	-	-	-	-	-	-
Dividend(%) - Normal	20	-	-	20	20	10	20	20	20	20
- Special	-	-	-	-	-	-	-	-	-	-
<b>OTHER STATISTICS</b>										
Cash Flow	16.58	2.82	2.02	7.18	6.65	2.81	46.73	15.34	3.84	28.36
Turnover / Working Capital Ratio	1.93	0.87	0.85	1.20	1.23	0.94	1.29	1.41	1.29	1.42
Return on Capital (%)	5.89	0.03	0.78	2.72	5.11	1.54	21.30	6.31	1.22	15.04
Number of Employees	25	27	28	33	40	52	59	60	59	61
Per Capita Sales	22.83	9.24	8.56	10.27	8.35	4.82	5.78	5.40	4.73	5.05

\*Figures are re-grouped where ever required.

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

The Board of Directors have pleasure in presenting the 45<sup>th</sup> Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2018-19 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	2018-19	2017-18
Gross Income from Operations	5707	2495
Cost of Sales	5144	2258
Gross Profit	563	237
Provision for Depreciation	15	15
Net Profit Before Tax	202	1
Provision for Tax	51	(13)
Net Profit After Tax	151	14
Balance available for appropriation	151	14
Proposed Dividend on Equity Shares	14	-
Tax on proposed Dividend	3	-
Transfer to Other Equity (OCI*)	32	13
Surplus carried to Balance Sheet	119	27

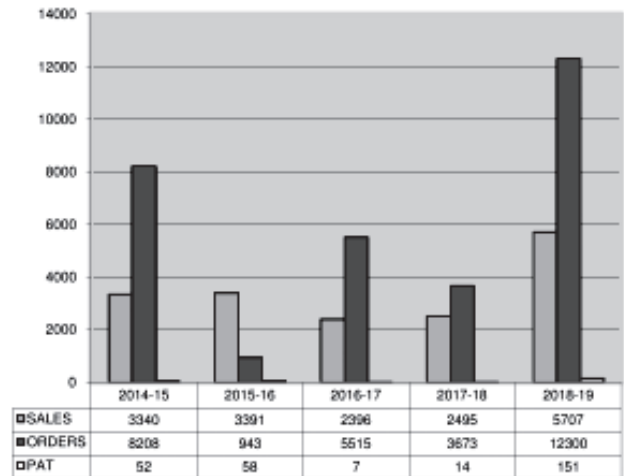
[\*OCI : Other Comprehensive Income-presentation under Ind AS]

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

Performance of the Company during the year 2018-19 in terms of turnover at gross levels was Rs.5707 Lakh as against Rs.2495 Lakh achieved during the previous year, i.e. 2017-18. The Order procurement during the year was Rs.12300 Lakh as against Rs.3673 Lakh achieved in the

previous year. With the Turnover of Rs. 5707 lakh, your Company was able to generate the Profit After Tax (PAT) at Rs.151 Lakh as against Rs.13.60 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, Oman, etc. The details are furnished below in brief.

- HMT Dairy machinery like HMT Butter making Machine – Model BM04, HMT Milk Homogeniser – Model HM03 and HMT Inline Cream Separators – Model SM03, together valued Rs.42.60 lakh, were supplied to Nepal.
- A 2D-Pantograph Engraving machine – Model VMT 33 & 34 were supplied to Chandrapur and Ranchi. The value of both the machines was Rs.23 lakh.
- A Panther All-Geared Precision Lathe – Model 2050/3, valued Rs.10.84 lakh was supplied to Saudi Arabia.
- Hydraulic Surface Grinding Machine – Model PH2040, valued Rs.27.33 lakh, was supplied to Russia.
- Three machines were supplied to Oman – (a) Pillar Drilling Machined Model P4/38 valued Rs.3.90 lakh, (b) HMT High-speed Precision Lathe Model NH32/2000 (2 Nos.) valued Rs.56.69 lakh, and (c) HMT Heavy Duty Centre Lathe Model L70/3000, valued Rs.105.17 lakh.

## 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

- ❑ An agreement was signed with MEA for upgradation of Development of Small and Medium Enterprises Sector in Zimbabwe at a total cost of Rs.1923 lakh.
- ❑ An agreement for Five Years Comprehensive Maintenance Plan to Indo-Myanmar Industrial Training Centre (IMITC), Myingyan, Myanmar, costing Rs.566 lakh was signed with MEA.
- ❑ Agreements were signed with MEA for setting up of two Indo-Myanmar Industrial Training Centres" (IMITC), one at Monywa, and another at Thaton in Myanmar. The total cost of the project is Rs.4069 lakh.
- ❑ The Company has supplied 250 numbers of e-Rickshaws, valued Rs.656 lakh, to the Government of Senegal. The e-Rickshaws were soft-launched by the Hon'ble Minister of External Affairs, at New Delhi.
- ❑ An agreement valued Rs.2390 lakh was signed with MEA for setting up of Gandhi-Mandela Skill Training Institute (GMCOS) at Pretoria, South Africa.
- ❑ An Agreement was signed with Indian Maritime University (IMU), for setting up of Workshops in six campus situated at Chennai and Visakhapatnam. The total value of the project is Rs.1671 lakh.
- ❑ A project on upgradation & modernization of ETDC at Colobone, Dakar in Senegal is in progress. The agreement valued Rs.1366 lakh for implementation of this project was signed with MEA.
- ❑ Training was imparted to 25 African personnel for a period of four weeks during July-August 2018.

## 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.597 lakh was imported and supplied, as compared to Rs.721 lakh supplied during the previous year.

## 2.3 Strategies

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

Another strategy being adopted by the Company is to pursue for Non-MEA (non-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, Jamaica, Belize, Senegal, etc.

## 2.4 Marketing efforts

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

- To pursue with the manufacturing Units of HMT MTL to upgrade the niche products.
- Pursue with MEA for more share in the grant-in-aid projects
- Focus on high value machine tools in the target markets.
- Enter into tie-ups with machine tool manufacturers in India for exports.
- Pursue Non-MEA Projects.
- Identify fresh project opportunities in Palestine, Mangolia, Myanmar, Tajikistan, Sri Lanka, Nepal, Bangladesh, Jamaica, Belize, Senegal, 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.

## 2.5 Performance details

[Rs. Lakh]

Particulars	2018-19	2017-18
<b>Sales Turnover</b>		
HMT Products & Technical Services	307	320
Agency & Others	69	12
Inland Sales	0	558
Projects & Services	4734	884
High-sea sales	597	721
<b>Total</b>	<b>5707</b>	<b>2495</b>

## 3. Dividend

Considering the level of profitability achieved during the year, the Board of Directors have recommended for payment of dividend at the rate of 20% (Rs. 2/- per equity share), on the paid up equity share capital of Rs. 72 Lakhs, subject to tax for FY 2018-19.

## 4. Reserves

An amount of Rs. 119 lakh has been carried to Balance Sheet.

## 5. Share Capital

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

## 6. Fixed Deposits

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

## 7. Particulars of Employees

The total number of employees as on March 31, 2019 stood at 25 (including 1 Scheduled Caste and 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.

## 8. Meetings

During the year four Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

## 9. Auditors

M/s GPSV & Co., Chartered Accountants, Bangalore was appointed by the C&AG as Statutory Auditors of the Company for the financial year 2018-19.

## 10. Auditors' Report

The Statutory Auditors have submitted the Independent Auditor's Report for the year 2018-19. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

## 11. Internal Audit & Controls

The Company has engaged M/s Manohar & Venkata, Chartered Accountants, as Internal Auditors for the Company for the Financial Year 2018-19. During the year the Company continued to implement their suggestions and recommendations for improvement of systems.

## 12. Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder Mr. D. Venkateswarlu, Practising Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure to this report along with replies. The report is self-explanatory and do not call for any further comments.

## 13. Implementation of Official Language

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

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

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

**15. Foreign Exchange Earnings and Outgo**

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

[Rs. Lakh]

No.	Particulars	2018-19	2017-18
1.	Foreign Exchange earned		
	FOB value of Exports	235	213
	Technical Services	552	922
	<b>TOTAL</b>	<b>787</b>	<b>1135</b>
2.	Outgo of Foreign Exchange		
	Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	41	9

**16. Human Resources**

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

**17. Vigilance Activities**

The Company has adopted a pro-active approach to bring vigilance awareness among employees, vendors and customers. A Vigilance Cell is functioning in the Company

to keep a watchful eye from the vigilance angle on the overall activities of the Company. System improvement and intensive examination of high value contracts and purchases continued to be the thrust areas for the Vigilance Administration during the year. Important procedures were reviewed and wherever required further simplification has been undertaken for faster and transparent decision-making. Guidelines of the Central Vigilance Commission (CVC) are being complied with / followed by the Company.

**18. Disclosure as per the Sexual Harassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013**

The Company has adopted a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the Financial year 2018-19, the Company has not received any complaints of Sexual Harassment and no cases are pending.

**19. Enterprise Risk Management**

In order to have a better reporting system on various risk faced by the Company and to assess such risk for taking appropriate action in a timely manner, the Company has in place Guidelines on Risk Management.

**20. Whistle Blower Policy**

The Company has in place a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns.

**21. Fraud Reporting**

There was no incident of fraud reported during the year under review.



## 22. 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 31.03.2019, 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.

## 23. Extract of Annual Return

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the prescribed form are placed as annexure MGT-9 to this Report

## 24. Declaration from Independent Director

As per section 149(7) of the Companies Act, 2013, the Company has received declaration from Shri. Sathyanarayanan Sethumadhavan, Independent Directors of the Company.

## 25. Events Subsequent to the Date of Financial Statements

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31st March 2019 and date of signing of this Report.

## 26. Related Party Transactions

The details of related party transactions are given in the notes to the Financial Statements.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. 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.



**27. Particulars of Loans, Guarantees & Investments**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements

**28. Subsidiary, Associates/Joint Venture Companies**

The Company is wholly owned (100%) subsidiary of HMT Limited. Further, the Company does not have any Subsidiary, Joint Venture or Associate Company.

**29. 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: 29-04-2019

## MANAGEMENT DISCUSSION & ANALYSIS

### A. EXPORT SECTOR & STRATEGIES

The country's overall exports during the 2018-19 has exhibited a positive growth of 7.97 percent over the same period last year. Out of this, the engineering sector has registered a growth of 16.27 percent. India's economy is picking up and growth prospects looking bright consequent to the implementation of policies such as the nationwide goods and services tax. India is one of the world's fastest-growing economies accounting for about 15 percent of global growth. To sustain export growth, the industry requires a synergy that promotes manufacturing competitiveness and facilitates the production of goods of global quality standards at prices that are competitive.

The Indian engineering sector is of strategic importance for the growth of the country, being closely associated with the manufacturing and infrastructure sectors of the economy. In other words, growth of the engineering sector drives the growth of core sectors of Indian economy.

It is estimated that the opportunities to unleash the country's exports potential and achieve a three-fold increase in engineering exports by 2025. This target is achievable considering the increased trade flow of engineering products and provides India an opportunity to attain leadership across various product categories. The technology intensity of India's engineering export portfolio has not changed significantly over the decade, and India still exports low and medium-technology intensive engineering goods. The share of high-tech goods is slightly more than six percent of the overall engineering export basket. Historically, labour cost arbitrage has been the competitive advantage for India and this has resulted in limited exports in the high-end segment. However, technology trends across product categories and emergence of digital technologies in manufacturing are expected to significantly change the engineering exports landscape. The scale of operations and production volumes are significantly lower than that of China, the main competitor in the engineering export segment.

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 equipment.

## B. STRENGTHS AND CONSTRAINTS

### STRENGTHS

#### Products

- Backed up by HMT's strong technological base and formidable resources over the years, the Company is recognised as a reliable source for Machine Tools.
- Wide experience in exports since four decades.
- 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 Africa, South Africa, Belize, Senegal, Bangladesh, 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 2018-19 of the Company is as under -

Sector	Val ₹ Lakh
Machine Tools	376
Projects & Services	
- (a) Products	4200
- (b) Tech Services	534
High-sea sales	597
<b>Total</b>	<b>5707</b>

**E Outlook**

Export of Machine Tools, Projects and Services are 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 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**

The company has adequate systems for internal control 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 2018-19 is Rs.5707 Lakh as compared to Rs.2495 Lakh of the previous year. During the year, the Company has generated a profit (PAT) of Rs.151 Lakh as against a profit of Rs.13.60 Lakh during the previous year.

**I. Human Resources**

As on March 31, 2019, the Company has a manpower strength of 25 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.9.00 Lakh has been budgeted in the Annual Operating Plans of the Company for the year 2019-20.

## 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, 2019, the Board of Directors comprised of Chairman, Managing Director, two part-time Official Directors and one part-time Non Official (Independent) Director since February 18, 2019.

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 2018-19, Four (4) Board Meetings were held on May 28, September 02 in the calendar year 2018 and on January 02 and February 13 in the calendar year 2019.

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	AGM/ Meeting	Directorship	Committee	
					Membership	Chairmanship
S.Girish Kumar	ENI	4	Yes	1	-	-
Vishvajit Sahay	NENI	3	-		-	-
Bhupinder Singh Bhalla	NENI	4	-		-	-
Pravin L. Agrawal	NENI	New Appointment				
Dr. S. Sathyanarayan	NEI	New Appointment				

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 2018-19

**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 Pravin L. Agrawal**, Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, has been appointed as part-time official Director, with effect from 15<sup>th</sup> March 2019.

Shri Pravin L. Agrawal is an Indian Forest Service Officer (1994 Batch), a commonwealth scholar & holds post graduate degree in sustainable development, public policy and management from different global universities. He has

varied experience in the field of Public policy and Governance issues. He has been nominated by U.S. Department of State for its prestigious fellowship “International Visitors Leadership programme” on Border Trade issues during 1995.

**Shri Vishvajit Sahay**, Joint Secretary, Department of Heavy Industry has been appointed as part-time official Director, with effect from February 3, 2015 & upto March 15, 2019. 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**, 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.

**Dr. S. Sathyanarayan** has been appointed as the Non-official Independent Director with effect from 28<sup>th</sup> March 2019. He is a Vascular Surgeon and Laparoscopy Surgeon. He has served as Chief Medical Officer in Hindu Mission Health Services, Nanganallur, Chennai and as Associate Professor in Surgery in Sri Balaji Medical College, Chrompet.

#### **Committees of the Board**

The criteria for constitution of Audit and Remuneration Committee is not applicable for the Company.

#### **General Body Meetings**

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

<b>Financial year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2015-2016	20.09.2016	12.30 p.m	At the Registered Office of the Company
2016-2017	31.10.2017	11.30 a.m	
2017-2018	28.08.2018	11.00 a.m	

#### **Special Resolution, if any**

The Annual General Meeting for the current year is scheduled before September 30, 2019 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](http://www.hmti.com).

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

As on the financial year ended on 31.03.2019

[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	L29230KA1953GOI000748	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)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual/ HUF									
(b)	Central Government/ State Govt.									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0			100				100	0
	<b>Sub-Total A(1) :</b>	<b>0</b>			<b>100</b>				<b>100</b>	<b>0</b>
(2)	FOREIGN	NIL								
	<b>Sub-Total A (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A (1) + A(2)</b>	<b>0</b>			<b>100</b>	<b>0</b>			<b>100</b>	<b>0</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>	NIL				NIL				
	<b>Sub-Total B (1) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(2)	NON INSTITUTIONS	NIL				NIL				
	<b>Sub-Total B (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total B = B (1)+B(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (A+B) :</b>									
(C)	Shares held by custodians, against which Depository Receipts have been issued	NIL								
(1)	Promoter and Promoter Group									
(2)	Public									
	<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>NIL</b>	<b>NIL</b>	<b>100</b>	<b>0</b>	<b>NIL</b>	<b>NIL</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoters**

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

**iii) Change in Promoters' Shareholding (please specify, if there is no change) – NO CHANGE**

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs): NA**

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

**v) Shareholding of Directors and Key Managerial Personnel:**

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

None of the Directors or Key Managerial Personnel is holding any shares in the company.

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2018</i>				
<b>i) Principal Amount</b>	NIL	NIL	NIL	NIL
<b>ii) Interest due but not paid</b>	NIL	NIL	NIL	NIL
<b>iii) Interest accrued but not due</b>	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Change in Indebtedness during the financial year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
<i>Indebtedness at the end of the financial year 31.03.2019</i>				
<b>i) Principal Amount</b>	NIL	NIL	NIL	NIL
<b>ii) Interest due but not paid</b>	NIL	NIL	NIL	NIL
<b>iii) Interest accrued but not due</b>	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

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

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager
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	<b>N.A</b>
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	
5	Others Medical	
	Total (A)	
	Ceiling as per the Act	

**B. Remuneration to other Directors:**

Independent Directors : The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint Independent Directors to constitute mandatory committees and further to appoint a woman Director to comply with listing requirements and Companies Act 2013

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
			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	-	
	<b>TOTAL</b>	-	

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

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

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2018-19.

## Form No. MR-3

### Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members**

**M/s. HMT (International) Limited**

**(CIN: U33309KA1974PLC002707)**

**59, Bellary Road, Bangalore - 560 032**

I have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by M/s. HMT (International) Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

#### **Management's Responsibility for Secretarial Compliances:**

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

#### **Auditor's Responsibility:**

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended

on 31st March 2019 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. HMT (International) Limited for the financial year ended on 31st March 2019 according to the provisions of:

1. The Companies Act, 2013 and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **As reported to us, the said Act is not applicable during the year under review.**
3. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**

I have also examined the compliance with the applicable clauses of Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India;

I report that during the year under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

**Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Companies Act, 2013 and Rules made there under and Secretarial Standards are as follows:**

- ***The Company did not hold the Board Meetings within time prescribed in accordance with the provisions of Section 173 (1) of the Companies Act, 2013 during the period under review.***
- ***The Company has not complied with the Secretarial Standards on Board Meetings (SS-1) and General Meetings (SS-2) with respect to gap between the two Board Meetings and recording of Minutes.***
- ***The Company has not filed Form MGT 14 for registration of resolutions passed by the Board w.r.t. the approval of accounts and director's report for the FY 2017-18 and also not regular in filing Form DIR -12 for appointment / cessation of Directors within 30 days from the date of the event.***

I further report that:

- a. The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**D. VENKATESWARLU**

Company Secretary

FCS No. : 8554

C.P.No. : 7773

Place: Bangalore

Date : 29-04-2019

**This Report is to be read along with my letter of even date which is annexed as Annexure A and forms an integral part of this report.**

**“Annexure - A”**

To  
**The Members**  
**M/s. HMT (International) Limited**  
**(CIN: U33309KA1974PLC002707)**  
**59, Bellary Road, Bangalore - 560 032**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**D. VENKATESWARLU**

Company Secretary

FCS No. : 8554

C.P.No. : 7773

Place: Bengaluru

Date : 29-04-2019



**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2018-19 IN RESPECT OF  
OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF  
HMT (INTERNATIONAL) LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

<b>Ref.</b>	<b>Secretarial Auditors' Observations</b>	<b>Company's Reply</b>
1.	<b>The Company did not hold the Board Meetings within time prescribed in accordance with the provisions of Section 173 (1) of the Companies Act, 2013 during the period under review.</b>	Noted the delay of two days for one Board Meeting. The official visit of Chairman to Myanmar, legal issues of HPFMC Limited, and non-availability of Board of Directors has led to delay in holding the meeting.
2.	<b>The Company has not complied with the Secretarial Standards on Board Meetings (SS-1) and General Meetings (SS-2) with respect to gap between the two Board Meetings and recording of Minutes.</b>	Noted. Recording of Minutes as per the requirement of Secretarial Standards will be complied.
3.	<b>The Company has not filed Form MGT 14 for registration of resolutions passed by the Board w.r.t. the approval of accounts and director's report for the FY 2017-18 and also not regular in filing Form DIR -12 for appointment / cessation of Directors within 30 days from the date of the event.</b>	Necessary actions have been initiated to comply with the requirement & filing of ROC forms within the prescribed time.

Place: Bengaluru  
Date: 29th April 2019

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

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
**The Members of HMT (International) Limited,**

We have examined the compliance of conditions of Corporate Governance by HMT (International) Limited, ("the Company"), for the year ended on 31<sup>st</sup> March 2019, 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 G P S V & CO.,**  
(Chartered Accountants)  
(FRN 013175S)

**PATIL NARAHARI LAXMANRAO**  
Partner  
(M No.222219)

Place : Banagalore  
Date : 29-04-2019

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## DECLARATION BY THE MANAGING DIRECTORS

### Sub: Code of Conduct- Declartion under Clause 3.4.2

This is to certify that:

In pursuance of the provision of Clause 3.4.2 of Corporate Governance Guidelines of DPE, a code of conduct for the Board Members and Senior Management Personnel is in place.

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

All Board Members, and the Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2019

Place : Banagalore  
Date : 29-04-2019

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

**INDEPENDENT AUDITOR’S REPORT**

TO  
THE MEMBERS OF  
HMT (INTERNATIONAL) LIMITED,  
BANGALORE

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of HMT (International) Limited (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	Auditor’s Response
<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Significant Accounting Policies I and Note 1 – Notes Forming Part of the Financial Statements Pertaining to Balance Sheet Point No – 4.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <p><b><i>Principal Audit Procedures</i></b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We have involved our internal experts to review the nature of the amounts payable, the sustainability and the likelihood of payment upon final resolution.</p>

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under

section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**for G P S V & CO.,**  
(Chartered Accountants)  
(FRN 013175S)

**PATIL NARAHARI LAXMANRAO**  
Partner (M No.222219)

Place : Bengaluru  
Date : 29-04-2019



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of HMT (International) Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of HMT (International) Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company and its joint operations companies incorporated in India (retain as applicable) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies

Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on internal financial control over financial reporting 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 G P S V & CO.,**  
(Chartered Accountants)  
(FRN 013175S)

**Place : Bengaluru**  
**Date : 29-04-2019**

**PATIL NARAHARI LAXMANRAO**  
Partner (M No.222219)

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HMT (International) Limited of even date)**

1.
  - i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - ii. We are informed that the Company has procedure for physical verification of Fixed Assets once in three years. Physical verification is carried out by the management during the year 2016-17, wherein no material discrepancies were identified. The programme of verification, in our opinion, is reasonable having regard to the size of the Company and nature of its business.
  - iii. The title deeds, comprising all the immovable properties are held in the name of the Company as at the balance sheet date.
2. Physical verification of inventory has been conducted at reasonable interval by the management. No material discrepancies has been noticed on such verification
3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. According to information and explanations given to us, the Company has not granted any loans, made any investments, extended any guarantees and provided any security to or on behalf of the parties referred in section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public.
6. According to the information and explanation given to us, for the activities carried out by the Company, the Central Government has not prescribed the maintenance of cost records, under Section 148 (1) of the Act.
7. According to information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - c. Details of dues of Income Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Rs.
The Income Tax Act, 1961	Income Tax	ITAT	FY 2008-09	10,05,91,930
The Income Tax Act, 1961	Income Tax	ITAT	FY 2011-12	7,98,79,010
The Income Tax Act, 1961	Income Tax	CIT (A)	FY 2010-11	70,81,810
The Income Tax Act, 1961	Income Tax	ITAT	FY 2010-11	2,99,50,000
The Income Tax Act, 1961	Income Tax	ITAT	FY 2009-10	1,71,11,420

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officer or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected to him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**for G P S V & CO.,**  
(Chartered Accountants)  
(FRN 013175S)

**PATIL NARAHARI LAXMANRAO**  
Partner (M No.222219)

**Place : Bengaluru**

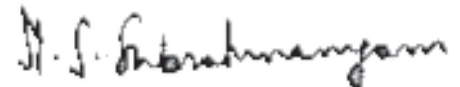
**Date : 29-04-2019**

**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 2019**

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**



**(M. S. Subrahmanyam)  
Director General of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad  
Date: 02 August 2019**

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

### 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 2019**

(Rs. in lakhs)

	Notes No.	As at 31-03-2019	As at 31-03-2018
<b>ASSETS</b>			
<b>A Non-current assets</b>			
(a) Property, Plant and Equipment	3	471.52	485.30
(b) Other non-current assets	4	38.60	97.65
		<b>510.12</b>	<b>582.95</b>
<b>B Current assets</b>			
(a) Inventories	5	669.06	16.48
(b) Financial assets			
i) Trade receivables	6	2,599.34	1,163.88
ii) Cash and cash equivalents	7	3,740.70	2,539.40
iii) Loans	8	-	-
iv) Other Financial Assets	9	111.43	27.56
(c) Other current assets	10	519.83	332.91
		<b>7,640.36</b>	<b>4,080.23</b>
<b>C TOTAL ASSETS (A + B)</b>		<b>8,150.48</b>	<b>4,663.18</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
(a) Equity share capital	11	72.00	72.00
(b) Other equity	12	3,306.73	3,187.88
<b>Total equity</b>		<b>3,378.73</b>	<b>3,259.88</b>
<b>B Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions			
(i) Provision for Employee benefits	13	151.76	46.20
(b) Deferred tax liabilities (net)		49.07	77.66
<b>Total Non-Current Liabilities</b>		<b>200.83</b>	<b>123.87</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	14	2,150.19	774.33
Other Current Liabilities	15	2,333.81	407.59

**Balance Sheet as at 31 March 2019**

(Rs. in lakhs)

	Notes No.	As at 31-03-2019	As at 31-03-2018
(b) Provisions			
(i) Provision for Employee benefits	13	19.92	97.29
(c) Current Tax Liabilities (net)		67.00	0.21
<b>Total Current Liabilities</b>		<b>4,570.92</b>	1,279.42
<b>Total liabilities</b>		<b>4,771.75</b>	1,403.30
<b>C TOTAL EQUITY AND LIABILITIES (A + B)</b>		<b>8,150.48</b>	4,663.18
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 GPSV & Co.**
**Chartered Accountants (FRN 013175S)**

**S. Girish Kumar**  
Chairman & Managing Director  
DIN : 03385073

**Pravin Agrawal**  
Director  
DIN : 05277383

**Bhupinder Singh Bhalla**  
Director  
DIN : 06475874

**Jayanthi Venkatesh**  
Asst. General Manager (Finance)

**Patil Narahari Laxman Rao**  
Partner  
(M.No.222219)

**Place : Bangalore**
**Date : 29.04.2019**

**Statement of Profit and Loss for the year ended 31 March 2019**

(Rs. in lakhs)

	Notes No.	31-Mar-19 INR Lacs	31-Mar-18 INR Lacs
<b>CONTINUING OPERATIONS</b>			
(a) Revenue from operations	16	<b>5,707.43</b>	2,494.51
(b) Other income	17	<b>206.85</b>	247.24
<b>Total Income</b>		<b>5,914.28</b>	2,741.76
<b>EXPENSES</b>			
(a) Cost of Goods Traded, Service and Works	18.a	<b>5,796.85</b>	2,274.07
(b) (Increase)/decrease in inventories of finished goods and stock in trade	18.b	<b>-652.58</b>	-16.48
(c) Employees' benefits expense	19	<b>310.43</b>	278.86
(d) Depreciation and amortization expense	20	<b>14.76</b>	14.58
(e) Finance Cost	21	<b>6.52</b>	-
(f) Other expenses	22	<b>236.34</b>	189.60
<b>Total expense</b>		<b>5,712.32</b>	2,740.63
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>201.96</b>	1.13
Share of (profit)/loss of an associate and a joint venture		-	-
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>201.96</b>	1.13
Exceptional items		-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>201.96</b>	1.13
(1) Current tax		<b>67.00</b>	0.21
(2) Adjustment of tax relating to earlier periods			
(3) Deferred tax		<b>-16.13</b>	-12.69
<b>Income tax expense</b>		<b>50.87</b>	-12.47
<b>Profit for the year from continuing operations</b>		<b>151.09</b>	13.60
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations</b>		-	-
<b>Profit/(loss) for the year</b>		<b>151.09</b>	13.60
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement of the net defined benefit liability/asset		-	-
Equity instruments through other comprehensive income		-	-

**Statement of Profit and Loss for the year ended 31 March 2019**

(Rs. in lakhs)

	Notes No.	31-Mar-19 INR Lacs	31-Mar-18 INR Lacs
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans	22	-44.66	18.16
Income Tax effect		12.42	-4.68
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-32.24</b>	13.48
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>118.85</b>	27.08
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>151.09</b>	13.60
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>-44.66</b>	18.16
<b>Earnings per share for continuing operations</b>			
Basic, profit from continuing operations attributable to equity holders of the parent		<b>20.98</b>	1.89
Diluted, profit from continuing operations attributable to equity holders of the parent		<b>20.98</b>	1.89
<b>Earnings per share for discontinued operations</b>			
Basic, profit from discontinued operations attributable to equity holders of the parent		-	-
Diluted, profit from discontinued operations attributable to equity holders of the parent		-	-
<b>Earnings per share from continuing and discontinued operations</b>			
Basic, profit for the year attributable to equity holders of the parent		<b>20.98</b>	1.89
Diluted, profit for the year attributable to equity holders of the parent		<b>20.98</b>	1.89
<b>Notes forming part of Financial Statements</b>	1		
<b>Significant Accounting Policies</b>	2		

**For and on behalf of the Board**
**As per our report of even date  
For GPSV & Co.**
**Chartered Accountants (FRN 013175S)**
**S. Girish Kumar**

 Chairman & Managing Director  
DIN : 03385073

**Pravin Agrawal**

 Director  
DIN : 05277383

**Bhupinder Singh Bhalla**

 Director  
DIN : 06475874

**Jayanthi Venkatesh**

Asst. General Manager (Finance)

**Patil Narahari Laxman Rao**
**Partner  
(M.No.222219)**
**Place: Bangalore**
**Date : 29.04.2019**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-19 INR Lacs	31-Mar-18 INR Lacs
<b>Operating activities</b>		
Profit before tax from continuing operations	201.96	1.13
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>201.96</b>	<b>1.13</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	14.76	14.58
Finance Income (Interest)	-182.98	-194.08
<i>Working capital adjustments:</i>		
(Increase)/Decrease in Trade Receivables and other receivables	-1,706.35	1,356.71
(Increase)/Decrease in Inventories	-652.58	-16.48
Increase/(Decrease) in Trade and other payables	3,302.08	-367.62
Increase/(Decrease) in Net Employee Defined Benefit Liabilities	-16.47	8.17
	<b>960.47</b>	<b>802.41</b>
Income tax paid	-0.21	-4.93
<b>Net cash flows from operating activities</b>	<b>960.26</b>	<b>797.48</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-0.99	-
Other Current Assets	59.05	-30.31
Interest received	182.98	194.08
<b>Net cash flows used in investing activities</b>	<b>241.04</b>	<b>163.77</b>
<b>Financing activities</b>		
Dividend paid	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents	1,201.30	961.25
Cash and cash equivalents at the beginning of the year	2,539.40	1,578.15
<b>Cash and cash equivalents at year end</b>	<b>3,740.70</b>	<b>2,539.40</b>

**For and on behalf of the Board**
**As per our report of even date  
For GPSV & Co.**
**Chartered Accountants (FRN 013175S)**
**S. Girish Kumar**

 Chairman & Managing Director  
DIN : 03385073

**Pravin Agrawal**

 Director  
DIN : 05277383

**Bhupinder Singh Bhalla**

 Director  
DIN : 06475874

**Jayanthi Venkatesh**

Asst. General Manager (Finance)

**Patil Narahari Laxman Rao**
**Partner  
(M.No.222219)**
**Place : Bangalore**
**Date : 29.04.2019**

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 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
<b>Cost or Valuation</b>						
<b>At 1 April 2017</b>	<b>676.75</b>	<b>41.61</b>	<b>0.61</b>	<b>104.49</b>	<b>15.67</b>	<b>839.13</b>
Additions				-		-
Disposals						-
<b>At 31 March 2018</b>	<b>676.75</b>	<b>41.61</b>	<b>0.61</b>	<b>104.49</b>	<b>15.67</b>	<b>839.13</b>
Additions				0.99		0.99
Disposals						
<b>At 31 March 2019</b>	<b>676.75</b>	<b>41.61</b>	<b>0.61</b>	<b>105.48</b>	<b>15.67</b>	<b>840.12</b>
<b>Depreciation and impairment</b>						
At 1 April 2017	186.62	41.61	0.56	96.76	13.70	339.60
Depreciation charge for the year	11.27	-	0.01	2.59	0.71	14.58
Disposals						
<b>At 31 March 2018</b>	<b>197.89</b>	<b>41.61</b>	<b>0.57</b>	<b>99.35</b>	<b>14.41</b>	<b>354.18</b>
Depreciation charge for the year	11.27	-	0.01	2.76	0.71	14.76
Disposals						
<b>At 31 March 2019</b>	<b>209.16</b>	<b>41.61</b>	<b>0.58</b>	<b>102.11</b>	<b>15.12</b>	<b>368.94</b>
<b>Net book value</b>						
<b>At 31 March 2019</b>	<b>467.59</b>	<b>-</b>	<b>0.03</b>	<b>3.36</b>	<b>0.55</b>	<b>471.52</b>
At 31 March 2018	478.86	-	0.04	5.14	1.26	485.30

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>4. Other Non Current Assets</b>		
Gratuity	38.60	97.65
<b>Total Other Current Assets</b>	<b>38.60</b>	<b>97.65</b>
<b>5. Inventories</b>		
	-	-
Finished Goods - Machineries not Shipped	669.06	16.48
<b>Finished Goods - Machineries not Shipped</b>	<b>669.06</b>	<b>16.48</b>
<b>6. Trade Receivables</b>		
Trade receivables	2,450.38	1,001.11
Receivables from related parties	148.96	162.77
<b>Total Trade Receivables</b>	<b>2,599.34</b>	<b>1,163.88</b>
<b>Break-up for security details:</b>		
<b>Trade receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due	351.42	243.56
Outstanding for a period less than six months from the date they are due	2,247.92	920.32
<b>Total Trade Receivables</b>	<b>2,599.34</b>	<b>1,163.88</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>7. Cash and Cash equivalents</b>		
<b>Balances with banks:</b>		
In current accounts	117.35	54.22
In Earmarked Accounts	195.61	193.82
Fixed Deposits including Lien for Bank Guarantees	3,427.74	2,291.36
<b>Total Cash and Cash equivalents</b>	<b>3,740.70</b>	<b>2,539.40</b>
<b>8. Loans</b>		
<b>Non-current</b>	-	-
<b>Current</b>		
Inter-corporate Loan to HMT Limited	-	-
<b>Total Current Loans</b>	-	-
<b>Total Loans</b>	-	-
<b>9. Other Financial Assets</b>		
<b>Non-current</b>	-	-
<b>Current</b>		
Deposits with Banks exceeding 12 months	-	-
Interest accrued but not due	111.43	27.56
<b>Total Other Current Financial Assets</b>	<b>111.43</b>	<b>27.56</b>
<b>Total Other Financial Assets</b>	<b>111.43</b>	<b>27.56</b>
<b>10. Other Current Assets</b>		
Deposit	3.61	3.61
EMD	-	3.75
Claims towards refund of service tax	0.27	0.27
Claims receivables	8.23	8.20
Export Incentives receivables	5.21	4.96
Advances to employees	4.71	1.51
<b>Others</b>		
Advances paid to suppliers / services providers	8.19	7.28
Advance Service Tax	27.49	27.49
GST Receivable	115.51	15.53
Income Tax Refundable	266.14	252.64
TDS (AY 2019-20)	53.01	-
Prepayments	27.46	7.66
<b>Total Other Current Assets</b>	<b>519.83</b>	<b>332.91</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**11. EQUITY SHARE CAPITAL**

Authorised share capital	Equity Shares	
	No in Lacs	INR Lacs
<b>At 1 April 2017</b>	80.00	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2018</b>	80.00	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2019</b>	80.00	800.00
<b>Issued equity capital</b>		
<b>Equity shares of INR 10 each issued and fully paid</b>		
<b>At 1 April 2017</b>	7.20	72.00
Increase/(decrease) during the year		
<b>At 31 March 2018</b>	7.20	72.00
Increase/(decrease) during the year		
<b>At 31 March 2019</b>	7.20	72.00

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

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

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	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 2019	31 Mar 2018
	No in Lacs	INR Lacs
Cash	0.005	0.005
Issued for consideration other than cash	0.295	0.295
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	6.900	6.900
<b>TOTAL</b>	<b>7.200</b>	<b>7.200</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****Statement of Changes in Equity****A. Equity Share Capital**

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

	<b>No in Lacs</b>	<b>INR Lacs</b>
<b>At 1 April 2017</b>	7.20	72.00
Changes in equity share capital during the year		
<b>At 31 March 2018</b>	7.20	72.00
Changes in equity share capital during the year		
<b>At 31 March 2019</b>	<b>7.20</b>	<b>72.00</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**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
<b>Restated Balance as on 1st April 2017</b>	<b>3,065.26</b>	<b>125.42</b>	-	<b>-29.88</b>	<b>3,160.80</b>
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
<b>At 31 March 2018</b>	<b>3,065.26</b>	<b>139.02</b>	-	<b>-16.40</b>	<b>3,187.88</b>

	Reserves and Surplus		Other Comprehensive income		
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Balance as of 1st April 2018</b>	<b>3,065.26</b>	<b>139.02</b>	-	<b>-16.40</b>	<b>3,187.88</b>
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-32.24	-32.24
Dividends including (DDT)		-			-
Profit for the period		151.09			151.09
<b>At 31 March 2019</b>	<b>3,065.26</b>	<b>290.11</b>	-	<b>-48.63</b>	<b>3,306.73</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>13. Provision for Employee Benefits</b>		
<b>Non-Current</b>		
Gratuity	103.45	-
Earned Leave Encashment	43.09	40.52
Settlement Allowance	5.22	5.68
<b>Total Non Current</b>	<b>151.76</b>	<b>46.20</b>
<b>Current</b>		
Gratuity	14.85	60.04
Earned Leave Encashment	4.51	31.94
Settlement Allowance	0.56	5.31
<b>Total Current</b>	<b>19.92</b>	<b>97.29</b>
<b>Total Net employee defined benefit liabilities</b>	<b>171.68</b>	<b>143.49</b>
<b>14. Trade payables</b>		
Trade Payables	2,150.19	768.38
Micro,small and medium enterprises	-	5.95
<b>Total Trade payables</b>	<b>2,150.19</b>	<b>774.33</b>
<b>15. Other Current Liabilities</b>		
Revenue received in advance	1,818.48	157.39
Due to Holding Company	12.92	84.51
Salaries and arrears payable	69.41	77.43
Statutory Dues Payable	4.19	5.78
Earnest Money Deposits	101.03	7.94
Retention Money from Suppliers	16.60	1.92
Tax Payables	10.10	1.01
Sundry Creditors (TA)	0.29	3.31
MEA Warranty	225.12	37.41
PF Trust Loss payable	42.31	28.70
Others	2.16	2.18
Provision for SIB	2.00	-
GST Payable-RCM	0.09	-
TDS GST Payable	29.11	-
<b>Total Other Current Liabilities</b>	<b>2,333.81</b>	<b>407.59</b>

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2019**
**PERTAINING TO BALANCE SHEET**

(Rs. in lakhs)

Sl. No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	The Company is contingently liable for : Guarantees & Counter Guarantees and Letter of Credits issued to various parties by the Company's bankers to the extent not provided for, which is backed by cent percent margin money.	<b>3,327.26</b>	<b>2,485.19</b>
2	Trade Payables : Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company :		
a	Dues remaining unpaid as at the end of the year - Principal (Interest due Nil)	<b>NIL</b>	5.95
b	Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	<b>NIL</b>	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	<b>4.99</b>	<b>4.56</b>
4	Income Tax liability under dispute :		
a)	The Income Tax Liability for FY 2008-09 of Rs. 10.05 Crores on account of revision order was in dispute before CIT (Appeals), order came in HMTI's favour. Income Tax Department has filed CIT(A) order with ITAT.		
b)	Income Tax Liability for FY 2010-11 of Rs. 70.81 lacs on account of revision order u/s 263 is in dispute and an appeal has been filed before CIT(A), pending issuance of demand notice by the authority.		
c)	The Income Tax Liability for FY 2011-12 of Rs. 7.98 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		
d)	The Income Tax Liability for FY 2010-11 of Rs. 2.99 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		
e)	The Income Tax Liability for FY 2009-10 of Rs. 1.71 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		
	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 31.03.2019  
PERTAINING TO BALANCE SHEET**

<p>5</p> <p>a)</p> <p>b)</p> <p>c)</p>	<p>The debts written off in the past, but, action of recovery proceedings is being continued before the Courts.</p> <p>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. 16 Lakhs during FY 18-19 , which has been accounted as Income under “ Recovery of debts written off” for the respective years.</p> <p>M/s. Nawab Cashew Packers, Kerala : Executiion of an Arbitration Award of Rs. 69.23 Lakh is pending in various courts at Various Stages</p> <p>M/s. Nucor Wires Ltd , Bangalore : Execution of an Arbitration Award of RS. 69.75 /- Lakh is pending in Hon’ble Supreme Court process.</p>
<p>6</p>	<p>Provision for Taxation has been made under provisions of the Income Tax Act, 1961.</p>
<p>7</p>	<p>Balances under Trade Receivables, Loans &amp; Advances, Trade Payables are subject to confirmation, although confirmation has been sought in most of the cases.</p>
<p>8</p>	<p><b>Proposed Dividend As per IND AS 10 :</b></p>
	<p>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.</p>



**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2019**

**DISCLOSURE REQUIREMENT AS PER IAS - 24**

**A - RELATED PARTIES**

Relationship	Associate companies			HMT Limited, Holding Company					
	HMT Machine Tools Ltd.	HMT Watches Ltd.	HMT Bearings Ltd.	Tractors Unit	Common service Division	Food Processing Division	Corporate Office		
Description of the nature of transactions	Purchases & Highseas Sales	Sharing of Common Expenditure	Sharing of Common Expenditure	Inter-corporate Loan*	Maintenance Services	Purchase and Sales	Proposed Dividend	Genral Services	Inter Corporate Loan Renewal*
Value of the transaction	597.60	-	-	-	14.74	42.15	-	61.48	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	1547.75 (CR)	0.94 (CR)	0.09 (DR )	-	0.32 (DR)	101.91 (CR)	-	3.06 (CR)	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 / 31.03.2019****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 01.04.2018	-77.66
Charged / (credit) during the year	-28.59
Deferred Tax Assets / (Liabilities) as at 31.03.2019	<b>-49.07</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>16. Revenue from operations</b>		
Sale of products	896.13	1,500.80
Technical Services	73.89	105.16
Projects Sales of Products	4,175.04	731.81
Projects Services	558.31	152.64
Export Assistance	4.06	4.10
<b>Total</b>	<b>5,707.43</b>	<b>2,494.51</b>
<b>17. Other income</b>		
<b>A. Other Non Operating Income</b>		
Provision of No Longer required	2.56	0.36
Tender Fees	5.31	6.15
Bad Debts Written off recovered	16.00	17.00
Creditors/Debtors written Off	-	29.65
	<b>23.87</b>	<b>53.16</b>
<b>B. Interest income</b>		
INTEREST ON ADVANCES - GROUP COMPANY'S UNITS	14.53	-
Interest on Bank Deposits with Banks	168.45	144.79
Interest on Inter corporate loan	-	49.28
	<b>182.98</b>	<b>194.07</b>
<b>Total Other income</b>	<b>206.85</b>	<b>247.23</b>
<b>18. Cost of Goods Traded, Service and Works</b>		
<b>a. Cost of Goods Traded, Service and Works</b>		
Purchases	5,341.98	2,083.09
Purchases for Service contract	7.84	19.51
Training	210.95	30.09
Fee for Services Rendered	13.90	31.99
Freight on export	109.19	61.66
Insurance on exports	0.83	2.11
ECGC Premium	0.11	0.13
Clearing, handling and inspection	21.62	13.77
Overseas Agency Commission to agents	0.51	4.01
Erection & Commissioning charges	-	4.75
Warranty Claims	10.37	11.20
Other expenses (As per below schedule)	79.55	11.78
<b>Cost of Goods Traded, Service and Works</b>	<b>5,796.85</b>	<b>2,274.07</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>Other Expenses</b>		
Printing & stationery	0.01	-
Advertisement & Publicity	20.13	1.83
Office Maintenance	-	0.01
Travelling & Conveyance	37.43	6.58
Delegation & export promotion	1.73	0.08
After Sales Service	-	0.28
Entertainment Expenses	0.70	0.36
Bank charges	19.55	2.64
<b>Total</b>	<b>79.55</b>	<b>11.78</b>
<b>b. (Increase) / Decrease in Inventories</b>		
Inventory at the beginning of the year	16.48	-
Less: inventory at the end of the year	669.06	16.48
	<b>-652.58</b>	<b>-16.48</b>
<b>Total</b>	<b>5,144.27</b>	<b>2,257.59</b>
<b>19. Employees' benefits expense</b>		
Salaries, Wages, Bonus and other benefits	187.23	213.95
House Rent Allowance	4.07	5.61
Gratuity Premium	-	1.00
Contribution to Provident Fund	23.84	26.19
Earned Leave Encashment	1.94	9.90
Settlement Allowance	1.48	2.26
Gratuity cost	70.19	-1.53
Sales Incentive Bonus	8.02	2.77
Medical Benefits	4.57	5.70
Township	-0.34	7.44
Conveyance Reimbursement	2.62	3.01
Deposit Linked Insurance - PF	-	2.27
Staff Welfare Expenses	6.81	0.29
<b>Total</b>	<b>310.43</b>	<b>278.86</b>
<b>20. Depreciation and amortization expense</b>		
Depreciation of tangible assets	14.76	14.58
<b>Total</b>	<b>14.76</b>	<b>14.58</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>21. Finance Cost</b>		
Interest on Loan	6.52	-
<b>Total</b>	<b>6.52</b>	<b>-</b>
<b>22. Other expenses</b>		
Rent	9.47	8.94
Rates and taxes excluding tax on income	1.60	0.82
Office Maintenance	23.65	21.61
Printing & stationery	5.07	3.83
Recruitment Expenses	4.05	0.74
Royalty	16.37	-
Books, periodicals & membership fees	4.80	0.67
Electricity & water	0.24	0.30
Advertisement & Publicity	0.79	2.51
Postage, Telegrams, Courier	1.82	0.72
Communication	3.71	6.68
Audit fee:		
Statutory audit ( including service tax)	0.44	0.51
Tax audit ( including service tax)	0.20	0.15
Others	0.01	-
Travelling & Conveyance	28.69	26.83
Delegation & export promotion	1.85	1.02
After sales service	1.57	0.55
Entertainment Expenses	2.95	2.17
Repairs & Maintenance other than building & machinery	2.04	2.33
Insurance	0.08	-
Training, seminars & conference	0.01	0.86
Vehicle maintenance	1.06	0.75
Professional and legal charges	1.07	1.34
Bank charges	11.78	9.26
Fees for services rendered	17.77	32.48
Common expenses paid to Holding Co.	61.48	45.00
Corporate Social Responsibility (CSR)	0.07	0.01
Security Charges	12.95	11.46
Board Meeting Expenses	1.97	0.41
Miscellaneous expenses	0.60	8.12
PF Trust Loss	13.61	-
Exchange Difference (Net)	4.57	-0.48
<b>Total</b>	<b>236.34</b>	<b>189.60</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	31-Mar-2019 INR Lacs	31-Mar-2018 INR Lacs
<b>22. Other Comprehensive Income</b>		
Re-measurement gains/(losses) on defined benefit plans for		
Earned Leave Encashment	-	3.99
Gratuity	-48.11	12.06
Settlement Allowance	3.45	2.10
<b>Total</b>	<b>-44.66</b>	<b>18.16</b>

**For and on behalf of the Board**

**S. Girish Kumar**  
Chairman & Managing Director  
DIN : 03385073

**Bhupinder Singh Bhalla**  
Director  
DIN : 06475874

**Pravin Agrawal**  
Director  
DIN : 05277383

**Jayanthi Venkatesh**  
Asst. General Manager (Finance)

**As per our report of even date  
For GPSV & Co.  
Chartered Accountants (FRN 013175S)**

**Patil Narahari Laxman Rao**  
Partner  
(M.No.222219)

**Place: Bangalore**
**Date : 29.04.2019**

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31-03-2019**
**PERTAINING TO STATEMENT OF PROFIT AND LOSS**

(Rs. in lakhs)

Sl. No.	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
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 31.03.2019	4,873.39		884.56	
2	Other expenses include (Travelling and conveyance) Travelling expenses of Directors	15.69		5.71	
3	<b>Additional information as per the requirement of Schedule III of the companies Act, 2013</b>				
	<b>I. Cost of goods sold</b>				
	Imported	10%	597.60		721.43
	Indigenous	90%	5,109.83		1,411.31
	<b>TOTAL</b>	<b>100%</b>	<b>5,707.43</b>		<b>2,132.74</b>
	<b>II. CIF Value of Imports:</b>				
	Components & Accessories		597.60		721.43
	<b>III. Earnings in Foreign Exchange</b>				
	a) FOB Value of Exports		235.33		212.74
	b) Technical / project services		552.03		922.21
	<b>TOTAL</b>		<b>787.36</b>		<b>1,134.95</b>
	<b>IV Particulars of turnover:</b>	<b>Qty. Nos.</b>	<b>VALUE</b>	<b>Qty. Nos.</b>	<b>VALUE</b>
	Machine tools, spares & accessories	6	896.13	6	1500.8
	Project Service & Supplies	389	4,175.04	18	884.46
	Income from Technical services		632.20		105.16
	Export Incentives		4.06		4.10
	<b>TOTAL</b>	<b>395</b>	<b>5,707.43</b>	<b>24</b>	<b>2494.51</b>
	Note: The turnover includes Highseas Sales INR.597.60 (Previous year INR.721.43)				
	<b>V Expenditure in Foreign Currency:</b>				
	Travelling Expenses		27.26		8.15
	Others		14.14		1.14



## Note to Financial Statements for the year ended 31 March 2019

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

i) **Defined Contribution Plan:**

(Rs. In Lakhs)

**Particulars**

**Year Ended 31-Mar-19**

**Year Ended 31-Mar-18**

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

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>%</b>	<b>%</b>
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

<b>Summary of Demographic Assumptions</b>	<b>Gratuity Plan</b>		<b>Settlement Allowance</b>		<b>Leave Encashment</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
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 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Contributions by employer	31-Mar-19
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(129.91)	(5.13)	(8.00)	(13.13)	125.63			(43.44)	(57.46)	(100.90)		(118.30)
Fair Value of plan assets	167.51		14.12	14.12	(125.63)	(4.67)				(4.67)	(12.73)	38.60
<b>Benefit Liability</b>	<b>37.60</b>			<b>0.99</b>	<b>0.00</b>					<b>(105.57)</b>	<b>(12.73)</b>	<b>(79.70)</b>

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							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	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
<b>Benefit Liability</b>	<b>24.01</b>			<b>1.53</b>	<b>0.00</b>					<b>12.06</b>	<b>0.00</b>	<b>37.60</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### B Earned Leave Encashment :

31 March 2019 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-19	
	01-Apr-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	(72.46)	(5.38)	(4.62)	(10.01)	26.49				8.37	8.37		(47.60)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(72.46)</u>			<u>(10.01)</u>	<u>26.49</u>					<u>8.37</u>	<u>0.00</u>	<u>(47.60)</u>

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	(96.34)	(3.06)	(6.84)	(9.90)	29.79				3.99	3.99		(72.46)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(96.34)</u>			<u>(9.90)</u>	<u>29.79</u>					<u>3.99</u>	<u>0.00</u>	<u>(72.46)</u>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### C Settlement Allowance :

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-19
	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	(11.00)	(1.02)	(0.46)	(1.48)	3.25				3.45	3.45	(5.78)
Fair Value of plan assets		(1.12)									
<b>Benefit Liability</b>	<b>(11.00)</b>			<b>(1.48)</b>	<b>3.25</b>				<b>3.45</b>	<b>0.00</b>	<b>(5.78)</b>

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	(13.81)	(1.12)	(1.14)	(2.26)	2.97				2.10	2.10	(11.00)
Fair Value of plan assets		(1.12)									
<b>Benefit Liability</b>	<b>(13.81)</b>			<b>(2.26)</b>	<b>2.97</b>				<b>2.10</b>	<b>0.00</b>	<b>(11.00)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	151.09	13.60
Discontinued operation	0.00	0.00
Total Profit including OCI	<b>151.09</b>	<b>13.60</b>
Less Other Comprehensive income	0.00	0.00
<b>Profit attributable to equity holders for basic earnings</b>	<b>151.09</b>	<b>13.60</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>151.09</b>	<b>13.60</b>
Weighted average number of Equity shares for basic EPS*	7,20,000	7,20,000
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>7,20,000</b>	<b>7,20,000</b>

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

## Income Tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

### Statement of profit and loss

Profit or loss section

	31-Mar-19	31-Mar-18
	INR Lacs	INR Lacs
<b>Current income tax:</b>		
Current income tax charge	67.00	0.21
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-16.13	-12.69
<b>Income tax expense reported in the statement of profit or loss</b>	<b>50.87</b>	<b>-12.48</b>

OCI section

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

	31-Mar-19	31-Mar-18
	INR Lacs	INR Lacs
Net loss/(gain) on remeasurements of defined benefit plans	12.42	-4.68
<b>Income tax charged to OCI</b>	<b>12.42</b>	<b>-4.68</b>

### Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2019 and 31 March 2018

	31-Mar-19	31-Mar-18
	INR Lacs	INR Lacs
Accounting profit before tax from continuing operations	201.96	1.13
<b>Accounting profit before income tax</b>	<b>201.96</b>	<b>1.13</b>
At India's statutory income tax rate of 27.82% (31 March 2019: 29.82%)	56.19	0.25
Depreciation	-0.19	-0.56
Defined Benefit Obligations	19.98	-5.70
Effect of lower taxes paid through MAT	14.61	0.08
<b>At the effective income tax rate of 74.95% (31 March 2016: 35.62%)</b>	<b>90.58</b>	<b>-5.93</b>
Income tax expense reported in the statement of profit and loss	50.87	-12.48
	<b>50.87</b>	<b>-12.48</b>

### Reconciliation of deferred tax liabilities, net

	31-Mar-19	31-Mar-18
	INR Lacs	INR Lacs
<b>Opening balance as of 1 April</b>	<b>77.66</b>	<b>85.66</b>
Tax income/(expense) during the period recognised in profit or loss	-16.13	-12.69
Tax income/(expense) during the period recognised in OCI	-12.42	4.68
<b>Closing balance as at 31 March</b>	<b>49.10</b>	<b>77.66</b>

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**Employee Benefits (Contd.):**
**Sensitivity analysis:**

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and fully salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumptions by 100 basis points:

**(i) Gratuity**

(Rs. in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	3.01	2.80	3.30	3.07
Change in rate of salary increase	2.70	2.88	2.96	3.16
Change in withdrawal rates	0.43	0.52	0.47	0.57

**(ii) Settlement Allowance**

(Rs. in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	0.23	0.21	0.43	0.41
Change in rate of salary increase	0.05	0.05	0.09	0.10
Change in withdrawal rates	0.00	0.00	0.01	0.01

- C. The expected contributions for gratuity for the next financial year will be Rs. 14.85 lacs and Settlement allowance will be Rs. Nil.

## GPSV & Co. Chartered Accountants

# 80/1, Sriranga Nilaya, First Floor, West Park Road,  
18<sup>th</sup> Cross, Malleshwaram, Bengaluru – 560055,  
Landline: 080-23561778, Website: www.gpsv.in



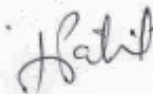
### Directions under section 143(5) of Companies Act 2013 Applicable from the year 2018-19 and onwards

- Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
- **Yes, nothing is processed outside the IT System.**
- Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.
- **Not Applicable**
- Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.
- **Not Applicable**

In addition the auditor is required to comply with any additional Company / Sector Specific directions issued under section 143(5) of the Companies Act, 2013 by the Field Office entrusted with the supplementary audit of the Company.



For GPSV & Co.,  
Chartered Accountants  
FRN - 013175S



Patil Narahari Laxmanrao  
Partner  
M No – 222219

Place: Bangalore  
Date: 29-Apr-2019