

HMT (INTERNATIONAL) LIMITED

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BOARD OF DIRECTORS

Shri S.G. Sridhar

Chairman

Shri S. Girish Kumar

Managing Director

Shri Harbhajan Singh

Director

Shri Sumanta Chaudhuri

Director

Shri P. Udaya Sankar

Director (International Marketing)

AUDITORS

M/s S. L. Patil & Co.
Chartered Accountants
Bangalore

BANKERS

UCO Bank

Bank of Maharashtra

Indusind Bank

Punjab National Bank

Syndicate Bank

Bank of India

REGISTERED OFFICE

"HMT BHAVAN"
59, Bellary Road
Bangalore 560 032

PERFORMANCE HIGHLIGHTS

(` in Million)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING STATISTICS										
Sales, Stock accretion & Other Income	370.44	311.65	325.02	171.76	260.75	342.48	207.69	285.06	274.70	468.92
Interest Income	26.79	18.33	21.90	18.96	17.90	12.78	1.76	5.01	5.62	19.84
	397.23	329.98	346.92	190.72	278.65	355.26	209.45	290.07	280.32	488.76
Purchases	207.16	180.95	190.71	115.13	185.90	238.42	118.64	209.11	200.05	372.83
Employees Costs	48.67	35.19	31.77	20.69	19.95	28.76	22.40	21.27	21.47	21.37
Other Operating Costs*	121.95	108.82	82.69	40.23	59.55	69.58	55.29	52.52	46.52	79.21
Depreciation	1.86	1.77	1.75	1.84	2.03	2.00	2.15	2.33	2.65	2.62
	379.64	326.73	306.92	177.89	267.43	338.76	198.48	285.23	270.69	476.03
Gross Profit	17.59	3.25	40.00	12.83	11.23	16.50	10.97	4.84	9.63	12.73
Interest	0.20	0.10	0.40	0.20	1.01	0.15	1.18	4.09	8.30	9.33
Net Profit Before Taxes (after prior period)	17.39	3.15	39.60	12.63	10.22	16.35	9.79	0.75	1.33	3.40
Taxes & Deferred Tax	3.91	1.07	12.99	2.07	1.75	2.68	3.81	0.68	0.92	1.36
Profit After Taxes	13.48	2.08	26.60	10.55	8.47	13.67	5.98	0.07	0.41	2.04
FINANCIAL POSITION										
Current Assets	488.79	381.93	392.03	320.09	301.16	362.36	261.84	145.87	185.10	292.28
Current Liabilities & Provision	258.60	165.03	175.88	127.89	122.09	191.00	96.14	95.24	122.37	102.07
Net Working Capital	230.19	216.90	216.15	192.20	179.07	171.36	165.70	50.63	62.73	190.21
Net Fixed Assets	48.39	49.67	49.76	50.79	52.63	53.12	55.12	204.55	207.13	139.64
Investments	0	0	0	0	0	0	2.97	2.97	2.97	2.97
Capital Employed	278.58	266.57	265.91	242.99	231.70	224.48	223.79	258.15	272.83	332.82
Borrowings	0	0	0	2.18	0	0	5.00	44.54	59.85	120.23
Deferred Tax Liability	11.55	11.35	11.09	10.90	10.68	10.24	10.01	9.71	9.13	8.33
Net Worth	267.03	255.22	254.82	229.91	221.02	214.24	208.78	203.90	203.85	204.26
DATA ON EQUITY CAPITAL										
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	4.80	4.80	4.80	4.80
Reserves	259.82	248.02	247.63	222.71	213.83	207.04	203.98	199.10	199.04	199.47
Retained Earnings	11.84	0.53	25.00	8.88	6.78	5.46	5.87	0.07	-	1.32
Dividend - Normal	1.44	1.44	1.44	1.44	1.44	1.44	0.96	-	0.96	0.72
- Special	-	-	-	-	-	5.76	-	-	-	-
Dividend(%) - Normal	20	20	20	20	20	20	20	-	20	15
- Speical	-	-	-	-	-	80	-	-	-	-
OTHER STATISTICS										
Cash Flow	15.34	3.85	28.35	12.39	10.50	15.67	8.13	2.40	3.06	4.66
Turnover / Working Capital Ratio	1.61	1.44	1.50	0.89	1.46	2.00	1.25	5.63	4.36	2.46
Return on Capital (%)	6.31	1.22	15.04	5.28	4.85	7.35	4.90	1.87	3.53	3.82
Number of Employees	60	59	61	61	62	65	68	76	80	80
Per Capita Sales	5.40	4.73	5.05	2.68	4.03	4.84	2.19	3.71	3.74	4.75

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

DIRECTORS' REPORT

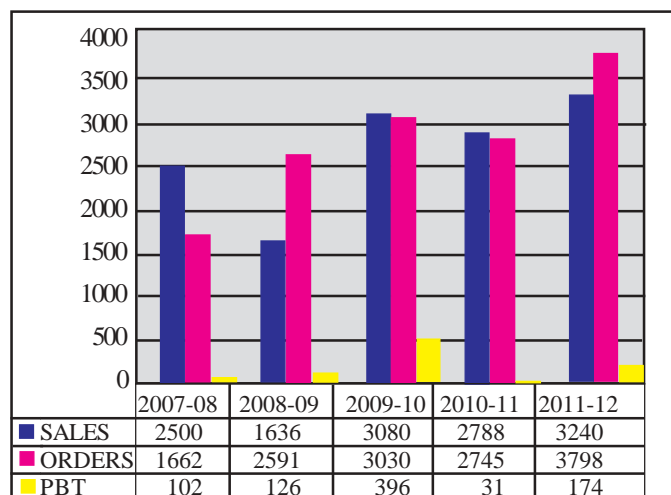
TO
THE MEMBERS,
HMT (INTERNATIONAL) LIMITED,
BANGALORE

Your Directors have pleasure in presenting the Thirty Eighth Annual Report on the business and operations of the Company together with the Audited Accounts of the Company for the year ended 31st March 2012, report of the Statutory Auditors and the comments thereon by the Comptroller and Auditor General of India.

CORPORATE HIGHLIGHTS

Performance

During the year under review, your Company has shown improvement in performance in terms of both turnover and profitability over the previous year. The Turnover during the year at gross levels was ` 3240 lakh as against ` 2788 lakh recorded in the previous year, i.e.2010-11, registering a growth of 16%. The Order procurement during the year increased by 38% at ` 3798 lakh as against ` 2745 lakh achieved in the previous year. With the increased turnover, your Company was able to maintain the Profit Before Tax (PBT) at ` 174 lakh as against ` 31 lakh recorded in the previous year, thereby continuing with the profit making trend. The performance during the year in terms of order booking, Sales and Profits was significantly better despite global economic slowdown affecting delay/shelving of procurement plans by customers. During the year, your Company was able to successfully obtain the re-certification of ISO 9001-2008 from the certifying agencies.



Financial Position

With the consistent profits recorded over the years, your Company has accumulated a healthy General Reserve of ` 2598 lakh and Net worth of ` 2670 lakh as on March 31, 2012. However, with the implementation of the new Pay Scales effective from 1.1.1997, additional provisioning was necessitated during the year.

Product-wise Achievements

Machine Tools

The Company could secure orders from Uganda valued at ` 270 Lakhs for supply of various machines. Your Company has also procured orders from Dubai for supply of Hydraulic Presses (associate machines) valued at around ` 83 Lakhs and Plate Rolling Machine valued at ` 32 lakhs to Bhutan. An order from Oman valued at around ` 40 Lakhs was received during the year among other such orders.

During the year SOM236, two-colour sheetfed Printing machine was supplied to Nepal, while one each of HMT Universal Milling Machine FN2U and HMT CNC Stallion Lathe was supplied to Oman. Your Company has submitted offers against enquiries for various types of machines and services to different customers, which are expected to materialize during the current financial year valued around Rs.1000 Lakhs.

Projects & Services

Projects and Services is a major thrust area for the Company. During the year 2011-12, your Company successfully completed all the obligations as per the Agreement for setting up of "Indo-Myanmar Industrial Training Center (IMITC)" at Pakokku, Myanmar valued at ` 1474 lakh.

During the year, the Company also successfully completed the entire obligation as per the Agreement for setting up of "Indo-Tajik Modern Engineering workshop (ITMEW)" at Dushanbe, Tajikistan valued ` 340 lakh including on-the-job training.

The Company has successfully handed over the project for "Setting up of Vocational Training Centre for Construction Sector (VTCCS)", Banda Aceh, Indonesia valued ` 540 lakh, which was implemented on behalf of MEA, in July

2011. The Project was handed over by the High Commissioner of India in Jakarta to the Project authorities. The Project has established facilities for training in nine basic trades in the construction sector, viz. Sheet Metal and Welding, Surveying, Carpentry, Masonry, Plumbing, Electrical (Electrician), Concrete Steel Work (Bar Bender/ Bar Fitter), Stone Work (Tiler) and Draftsman. Six (6) OJT



experts have commenced 'On the Job Training' in various civil construction trades and the same is under progress.

In accordance with the requirement of the project 'Development of Small and Medium Enterprises sectors' in Zimbabwe, thirteen (13) experts conducted seminars at 10 locations in different provinces of Zimbabwe. The OJT experts are carrying out the On-the-Job Training activities. The Company has planned to complete all the obligations under the contract and has re-scheduled completion of the project by August 2012.

The Company is implementing another project i.e. "Setting up of facilities for Vocational Training Centres" at Vantharamoolai and Onthachimadam at Batticaloa in Sri Lanka valued at ₹ 1347 lakh, for which agreement was signed during March, 2011. As a part of technical assistance, thirteen (13) Sri Lankan personnel were trained in India for a period of thirty nine (39) man-months in technical trades. All the supplies valued at ₹ 1150 lakh have been completed and installation and commissioning is in progress. Indian experts will be deputed for on-the-job training for seventy eight (78) man-months.

The Company is implementing another project for MEA viz, "Setting up of facilities for Vocational Training Centre" at

Nuwara Eliya in Sri Lanka valued at ₹ 893 lakh under an agreement with MEA, signed in June, 2011. The Company has shipped majority of the supplies and the Project is nearing completion.

The Company has also signed an agreement in October 2011 for "Setting up of Indo-Myanmar Industrial Training Centre (IMITC)" at Myingyan valued at ₹ 1881 lakh. Under the Agreement, the Company will set up facilities for eight (8) technical trades and the project is scheduled for completion in twelve (12) months time.

With the above initiatives and taking into account the pending orders, your Company is hopeful of achieving the targeted sales for projects & services for the financial year 2012-13.

During the year under review, your Company has signed Memorandum of Understandings with other Central Public Sector Organisations. MoU was signed with National Small Industries Corporation Limited (NSIC) for jointly executing various Projects like VTCs, Small industrial projects on turnkey basis, etc. An MoU was also signed with Bharat Heavy Electricals Limited at New Delhi which leverages the mutual strengths and competencies for co-operating in executing Government of India supported projects.

A Memorandum of Understanding was signed with Bharat Pumps & Compressors Limited (BPCL), Allahabad. The MOU envisages export of BPCL products and services through HMT(I).

The Company is expecting a significant business opportunity from the above arrangements in the ensuing years.

Tractors

The Company has secured an order for supply of 15 Tractors to Nepal. The Company is pursuing for more orders from Nepal and African countries during the next financial year.

Watches

During the year, watches were exported mainly to the Sultanate of Oman. Sales promotion is focused to improve the sales turnover in this segment and it is expected to

achieve a turnover of ₹ 50 Lakh during the current financial year.

Sale of Imports

With a view to give an additional thrust to the performance, your Company has sought to increase the portfolio for this business segment by enhancing the business of imports on behalf of customers including HMT Ltd's Group Companies. During the year, sale of imports was ₹ 410 Lakh as compared to ₹ 324 Lakh achieved during the year 2010-11.

Strategies

The Company is confident of registering growth in performance during 2012-13, since it has healthy orders on hand valued at ₹ 2200 lakh and quite a few major project contracts are expected to be finalized. The Company will focus on high value orders for machine tools in the target markets and will continue to make aggressive marketing efforts in this direction.

Marketing focus

The Strategies and Action Plans for achieving the targets during the year 2012-13 have been worked out product-wise and the Company is broadly focusing on the following strategies:

- The Company intends to pursue with the manufacturing Units to upgrade the niche products to focus on high technology Machine Tools in the target markets.
- Focus on Re-manufacturing & retrofitting of Machine Tools.
- Develop Associates for complementary products with focus on Small Lathes, Size 1 & 2 Milling machines etc.
- Pursue with MEA for grant in aid projects to different Countries.
- Aggressive marketing in target markets through appointment of dedicated agents/representatives.
- Trading & imports for other Central PSUs.
- The Company has planned the following sales promotion/ market development initiatives with an intent to

increase its market presence:

- Participate in exhibitions organized in target countries.
- Appointment of sales representations in the developing countries to explore opportunities for projects and marketing of products.
- Participate in Joint Commissions, Bi-lateral meetings, Buyer-Seller meetings/visits, etc.
- Tie-up with other Industrial Houses and Agencies for taking up of new projects.

OPERATING RESULTS / FINANCE

Financial Highlights and Appropriations

Particulars	Value in ₹ lakh	
	2011-12	2010-11
Sales Turnover		
HMT Products & Technical Services	341	852
Agency & Others	118	103
Projects & Services	2371	1504
Trading	0	5
Sale of Imports	410	324
Total	3240	2788
Profit Before Tax after Extra Ordinary		
Items and Prior Period Adjustments	174	31
Tax provision of earlier years withdrawn	18	-
Income Tax	55	8
Deferred Tax	2	3
Profit After Income Tax	135	20
Balance Brought Forward	1	2
Total	136	22
Appropriations		
Transfer from General Reserve	-	-
Dividend (Including Dividend Tax)	17	17
Transfer from Foreign Project Reserve	-	-
Transfer to General Reserve	118	5
Balance Carried to Balance sheet	1	-
Total	136	22

Dividend

Considering the profit achieved during the year, the Board of Directors have recommended for payment of dividend at the rate of 20% (Rs. 2/- per equity share), on the paid up equity share Capital of Rs.72 lakh, subject to tax for the year 2011-12, which is the same as declared in the previous year. The Company has been paying dividend consistently over the past several years to the Holding Company.

EXPORT AWARDS

During the year, your Company was awarded two prestigious All India Export



Awards 'Star Performer Award' in the Machine Tools and Parts and Accessories (Medium) Product Group for the year 2009-10 and also for the year 2010-11 by the EEPC India. The Award for the year 2009-10 was given away by Shri Jyotiraditya M. Scindia, Hon'ble Minister of State for Commerce & Industry, Government of India on 20th December 2011 at New Delhi. The Award for the year 2010-11 was presented by H.E. Kenneth Viagem Marizane, Vice Minister of Industry & Trade, Govt of Mozambique at a function held at Mumbai.

PERSONNEL & EMPLOYEE RELATIONS

The most important dynamics for business is its human capital. Human Capital is the most important resource for the Company. The significant contribution made by the employees has been a great tribute to the Company. The total number of employees as on March 31, 2012 stood at 59 (including 11 Scheduled Castes, 4 Scheduled Tribes).

None of the employees are covered under Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

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 customer base of your Company. Your Company has undertaken a number of training initiatives during the year covering Junior and Middle-level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility and to promote creativity and innovation. Several employees were also deputed for external training programmes.

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.

IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company continued to pursue its efforts in the implementation of the official language policy of the Government. Cash awards have been given to employees on passing various Hindi examinations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1958

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Particulars	Lakh	
	2011-12	2010-11
1. Foreign Exchange earned		
FOB value of Exports	380	756
Services	85	117
TOTAL	465	873
2. Outgo of Foreign Exchange		
Expenditure in Foreign Exchange on professional, consultancy fees, interest and other matters	580	373

AUDITORS

M/s S.L. Patil Co., Chartered Accountants, Bangalore were appointed by the C&AG as Statutory Auditors of the Company for the year 2009-10 and were re-appointed for the year 2010-11 and also for the year 2011-12. The replies to the comments by the Comptroller and Auditor General of India on the Accounts are given separately.

DIRECTORS

Shri Uday Sankar, Director, International Marketing, retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

I. that in the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards had been followed along with proper explanation relating to material disclosures;

II. that the Directors had selected such accounting policies and applied them consistently and made judgments

and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

III. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. that the Directors had prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

COMPLIANCE CERTIFICATE

In terms of the proviso to sub-section 1 of Section 383A of the Companies' Act, 1956, a Certificate of Compliance for the year ended March 31, 2012 from a Secretary in whole-time practice, is enclosed to this report.


ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Place: Bangalore
Date: 23.07.2012


 S.G. Sridhar
 Chairman

MANAGEMENT DISCUSSION & ANALYSIS

A. EXPORT SECTOR & STRATEGY

In the manufacturing category of exports, engineering goods is the fastest growing sector. The engineering industry has been performing consistently over the years. The exponential growth of the exports in the Country can be attributed to the liberal economic policies of the Government of India. The exports of manufactured goods from India has been growing moderately. According to reports, productivity growth rate of Indian economy is estimated to be around 8% and above, until the year 2020.

The Company has identified Projects as one of the major thrust areas for future growth. The project Orders have been implemented on turnkey basis without cost and time overrun, involving supply of machines and equipment, installation & commissioning, training in India at reputed Institutions and on-the-job training at project site by Company experts besides technical assistance in management.

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

1. Entrepreneur & Technical Development Centre
2. Vocational Training Centers
3. Information Technology Centers
4. Small & Medium Enterprises Development Centre
5. Tool Rooms for Engineering manufacturing establishments
6. Common Facility Centre
7. Workshops/Laboratories for Engineering / Educational Institutions
8. Agricultural Development Projects
9. Setting up of Mineral water projects
10. Lamp chains

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

The Company also offers a wide range of bearings, components, workshop equipment, Pumps & Compressors, Laboratory equipment, X ray films and processing chemicals and commodities. Its unique approach has resulted (culminated) in international recognition and a global clientele, underlining its increased reliability and superior quality. The Company continues to strive in its endeavour towards achieving technical advancement in the developing world.

B. STRENGTHS & WEAKNESSES

STRENGTHS

Products

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

WEAKNESSES

- ❖ Market reach is limited by resources
- ❖ High interest rates in India as compared to Europe has impact on prices.

OPPORTUNITIES

- ❖ New opportunities in engineering and services exports have opened up on account of globalization;
- ❖ Vast opportunity in African Countries for medium technology and medium priced goods;
- ❖ Presence of Indian managers abroad helps in promotion of Indian exports;
- ❖ As protective trade tariffs come down, new opportunities will open up in export of non-traditional goods and services such as machine tools, tractors and agricultural equipment;
- ❖ Increased stress on agriculture in African countries brings large opportunities for export of Tractors and agricultural equipment to these regions;

- ❖ Stress on industrialization in developing countries opens up market for export of Machinery and engineering & technical services;
- ❖ Free trade under WTO regime creates new opportunities.

THREATS

- ❖ Emergence of China and East European manufacturers with aggressive marketing is a major threat to company's exports;

D Segment wise / Product wise performance

Product wise Performance: The product-wise sales for the year 2011-12 of the Company is as under-

Sector	Val. ` Lakhs
Machine Tools	447
Watches	12
Projects & Services	2371
Trading & sales of Imports	410
Total	3240

E Outlook

The Company is currently exporting Machine Tools, which forms a small quantum of its business, only to Middle East, and African Countries. South East Asian market is attractive in terms of export of machine tools. The company's tie-up with other organizations has widened the range of products and services to address larger scope of business.

F RISKS AND CONCERNS

- ❑ Steep depreciation of Indian Rupee against US Dollar has adversely affected the market for Machine Tools, Tractors, Watches and Trading activity, which are extremely price sensitive and the Company's already slender margins are under threat;
- ❑ Delay in realization of major orders for projects.
- ❑ Innovative and latest designs of Watches to be offered at competitive prices on a sustained basis to expand and sustain the markets;

G INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

- Clear delegation of power.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized, recorded and reported correctly.
- Process for formulating and reviewing annual aggregate and long term/ strategic business plans have been laid down.
- Detailed Annual budget with monthly targets.
- Compliance of Laws and Regulations

H FINANCIAL PERFORMANCE

The Turnover of the Company during the year 2011-12 was Rs.3240 Lakh as compared to Rs.2788 Lakh in the previous year. During the year, the Company has made a profit of Rs.174 Lakh as against a profit of Rs.31 Lakh during the previous year.

I. Human Resources

The manpower of the Company as on 31.03.2012 is 59. The Company aims at continuous upgradation of skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customers base of your Company. The Company has undertaken a number of training initiatives during the year covering Junior and Middle-level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility.

J. CORPORATE SOCIAL RESPONSIBILITY

HMT Group has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community. The Company make contributions towards maintenance of these services by HMT, the Holding Company. A provision of Rs.3 Lakh has been provided in the Annual Operating Plans of the Company for the year 2012-13.

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, Govt of India, as applicable to Government Companies and as per the applicable provisions of the Companies Act, 1956, 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, 2012, the Board of Directors comprised of the Chairman, Managing Director, Director (International Marketing) and two part-time Official Directors. Currently the position of part-time Non Official (Independent) Directors is vacant.

The day-to-day Management of the Company is conducted by the Managing Director under the supervision and control of the Board of Directors.

During the year 2011-12, 4 (Four) Board Meetings were held on June 28, September 26, December 22, in the calendar year 2011 and on March 15 in the calendar year 2012.

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

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

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 2011-12

Shri S.G.Sridhar is the Chairman and Managing Director of HMT Limited. He was Director (Operations) of HMT Limited prior to his posting as the Chairman and Managing Director.

Shri Sridhar is a graduate in Mechanical Engineering with MBA in Marketing. He joined HMT Ltd as an Engineer Trainee in the year 1977 after a brief stint at Kirloskar Electric Ltd. And has also completed specialized Marketing Management Course from IIM, Ahmedabad.

Shri Sridhar has rich experience in Manufacturing, Sales & Marketing Management, Business Planning and Development as well as in the development of Corporate Strategies, Business Alliances and formation of Joint Ventures. He held several functional responsibilities and rose to the level of General Manager heading the Machine Tool manufacturing Units at Bangalore and Pinjore. Just before taking over as CEO of HMT Ltd., he held the post of Director, Operations, in the Company, responsible for

overall business operations of the Company including strategic planning, implementation, management, supervision and evaluation of operations of all the Subsidiary Companies of HMT Ltd., as well as functional control over all the activities of Corporate Planning & Implementation, Strategic Alliance and Joint Ventures, Projects and Technology, Marketing policy, Systems and MIS. He has also served in HLL Lifecare Limited as General Manager (Marketing) till 15th December 2008, before taking over the position on the Board of HMT Ltd as a wholetime Director.

He has attended number of Advanced Management Programs in the areas of Marketing and General Management in various Institutes of repute in India and abroad. He has widely travelled on business to USA, Europe and South Asia.

Shri S.Girish Kumar joined HMT (International) Ltd as Managing Director on 23rd December 2010. Shri Girish Kumar was earlier General Manager in HMT Machine Tools Ltd, at its Kalamassery Unit.

He has done B.Sc. (Engineering) from the College of Engineering, Trivandrum in the year 1983, MBA from the Cochin University and Post Graduate Diploma in Computer Applications from Model Engineering College, Ernakulam.

He has worked as Lecturer for a short period in Palghat Engineering College. He joined HMT Ltd in the year 1984 as Specialist Trainee. He served for about 21 years in the Engineering Department in the Kalamassery Unit of HMT Machine Tools Ltd in Kerala. He has also looked after MIS functions during his brief stint in the Corporate Headquarters of the Company at Bangalore. He was heading the Sales Engineering Department for four years of the Kalamassery Unit, before taking over as Managing Director of the Company. Shri Girish Kumar holds membership in Kerala Management Association, Institution of Plant Engineers and the Institution of Standards Engineers.

Committees of the Board

The Audit Committee of the Company will be reconstituted after the induction of part time Non Official (Independent) directors on the Board of the Company by the Government.

Remuneration of Directors

An amount of Rs.1,500/- is payable only to the Part time Non Official (Independent) Directors for attending each meetings of the Board and Committees.

General Body Meetings

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

Financial year	Date	Time	Venue
2008-09	31.07.2009	10.30 A.M	At the Registered Office of the Company
2009-10	27.08.2010	11.30 A.M	-----do-----
2010-11	26.08.2011	10.30 A.M	-----do-----

No Special Resolutions were passed during the above Annual General Meetings.

The next Annual General Meeting is scheduled to be convened before September 30, 2012 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 of interest of the Company at large. All statutory payments are made by the Company and is upto date.

There were no 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 M/s. HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmti.com.

COMPLIANCE CERTIFICATE

CIN: U33309KA1974PLC002707

AUTHORISED CAPITAL: ₹ 800 LAKHS

To

The Members

**M/S. HMT (INTERNATIONAL) LIMITED,
BANGALORE.**

I have examined the registers, records, books and papers of **M/S. HMT (INTERNATIONAL) LIMITED**, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31.03.2012** (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid Financial Year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provision of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under
3. The Company, being a public limited company, has the minimum prescribed paid up Capital.
4. The Company is a Government Company as defined under Section 617 of the Companies Act, 1956. The Board of Directors met **4** times respectively on **28.06.2011**, **26.09.2011**, **22.12.2011** and on **15.03.2012** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its register of members during the Financial Year.
6. The Annual General Meeting for the Financial Year ended on **31.03.2011** was held on **26.08.2011** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary Meeting was held during the Financial Year.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the act.
9. The Company being a Government Company the provisions of Section 297(1) of the Act is not applicable.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has :-
 - (i) Delivered all the Certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
 - (ii) Paid the amount of dividend declared including interim dividend.
 - (iii) The company has paid dividends to all the members within the period of 30 days from the date of declaration.

- (iv) Not applicable
- (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancies has been duly made.
15. The Company being a Government Company, the provisions of Section 269 of the Act is not applicable.
16. The Company has not appointed any sole selling agents during the Financial Year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares, debentures or other securities during the Financial Year.
20. The Company has not bought back any shares during the Financial Year.
21. There was no redemption of preference shares or debentures during the Financial Year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits within the purview of Section 58A during the Year.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year is within the borrowing limits of the Company.
25. The Company has not made any loans or advances during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to Situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the Financial Year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the Financial Year.
33. The Company has not constituted any separate Trust for its employees and hence the question of deposit of contribution with prescribed authorities pursuant to Section 418 of the Act does not apply.

A. V. Sundaresh

Practicing Company Secretary

C. P. No. 2022

No. 147, Malleswaram Arcade

Margosa Road, Malleswaram, Bangalore - 560 003

Place : Bangalore

Date : 18-06-2012

FORMS AND RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2012.

ANNEXURE A

Registers as maintained by the Company:-

1. Register of Members u/s 150 of the Act.
2. Register of Directors u/s 303.
3. Register of Directors Shareholding u/s 307
4. Minutes of Board Meetings with Attendance Register.
5. Minutes of Annual General Meetings with Attendance Register.

ANNEXURE B

- | | |
|-----------------------------------|---------------------|
| 1. Balance Sheet as on 31.03.2011 | Filed on 30.12.2011 |
| 2. Annual return as on 26.08.2011 | Filed on 14.03.2012 |
| 3. Compliance Certificate | Filed on 23.09.2011 |
| 4. Form No. 32 dated 27.06.2011 | Filed on 28.12.2011 |
| 5. Form No. 32 dated 24.01.2012 | Filed on 27.01.2012 |
| 6. Form No. 17 dated 22.08.2011 | Filed on 24.08.2011 |

Place : Bangalore
Date : 18.06.2012

A. V. Sundaresh
Practicing Company Secretary
C. P. No. 2022
No. 150, Malleswaram Arcade
Margosa Road, Malleswaram, Bangalore - 560 003

AUDITOR'S REPORT

To,
The Shareholders of
M/s. HMT (International) Limited,
Bangalore.

1. We have audited the attached Balance sheet of M/s. HMT (International) Limited, Bangalore as at 31st March 2012 and Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have verified the accounts relating to IMITC – Myanmar, IMITC Myingyan - Myanmar, SMES - Zimbabwe, VTC Batticaloa – Sri Lanka, VTC Nuwara Eliya – Sri Lanka, VTCCS - Indonesia and ITMEW-Tajikistan for the year ended 31st March 2012, on the basis of statements, originals or copies of bills, vouchers and other documents made available to us at the Head Office. We have not visited the above projects during our audit.
3. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order 2003, (as amended from time to time) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in Paragraph 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in Paragraph 4 above, We report that:

- a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary, for the purpose of audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the projects not visited by us.
- c. The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- e. Being a government Company, the provisions of section 274(1) (g) is not applicable.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012; and
- ii. In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.L.Patil & Co.,
Chartered Accountants
Firm Registration No. 002606S

Place: Bangalore
Date : 18.06.2012

S.L.Patil
Proprietor
M.No. 032810

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) We are informed that the Company has a procedure for physical verification of fixed assets once in three years, the physical verification have been carried out by the management during the year 2010-11, no material discrepancies were identified, as per programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.
- c) There has been no disposal of substantial part of fixed assets during the year.
2. a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the stocks and the book records were not material.
3. a) As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act , 1956. Accordingly, sub-clauses (a) (b) (c) and (d) are not applicable.
- b) As informed, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (e) (f) and (g) are not applicable.
4. a) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems and there is no continuing failure to correct major weakness in the internal control systems.
5. a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956.
- b) As there are no comments as indicated above, the clause (v) (b) of the Order is not applicable.
6. The Company has not accepted any deposits from the public; hence in our opinion the provision of section 58A and 58AA of the Companies Act, 1956 and the rules made there under are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. Maintenance of cost records under clause (d) of the sub-section (1) of section 209 of the Companies Act, 1956 has not been prescribed for the company.
9. a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues have generally been regularly deposited during the year with the appropriate authorities.

- b) According to the information and explanations give to us, none of the above undisputed statutory dues were outstanding as at 31st March, 2012 for a period of more than 6 months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in the repayment of dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us and the documents and records produced before us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore clause 4(xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that the company has not dealt in or traded in shares, securities, debentures and other investment. Accordingly the provision of the clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 is not applicable to the Company.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not availed any term loans during the year from the company's bankers and therefore the question of purpose for which it is utilized does not arise.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained in the Section 301 of the Companies Act, 1956.
19. There are no debentures issued by the Company during the year and hence clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
20. During the year the Company has not raised money by way of public issues and hence clause 4 (xx) of the Companies (Auditor's Report) order, 2003 is not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the Company during the year has been noticed or reported during the course of our audit.

For S.L.Patil & Co.,
Chartered Accountants
Firm Registration No. 002606S

Place: Bangalore
Date: 18.06.2012

S.L.Patil
Proprietor
M.No.032810

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HMT (INTERNATIONAL) LIMITED, BANGALORE FOR THE YEAR ENDED ON 31 MARCH 2012

The preparation of financial statements of HMT (International) Limited, Bangalore for the year ended on 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18 June 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditor on the accounts of HMT (International) Limited, Bangalore for the year ended on 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

**For and on the behalf of the
Comptroller and Auditor General of India**

**(Y.N. Thakare)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date : 23 July 2012**

ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared as of a going concern, under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply with the mandatory Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006, to the extent applicable.

A. FIXED ASSETS

- i) Own Assets: Fixed Assets are stated at its acquisition cost.
- ii) Fixed Assets acquired under financial lease are not capitalized. The yearly lease rentals are charged off and the amount of lease rentals not fallen due for payment is disclosed as contingent liability.

B. INVENTORY

Inventories are valued at lower of cost or estimated net realizable value as per accounting standards 2 (revised) w.e.f. 01.04.1999. Work-in-progress is valued as under:

- a) At the Company's branches/Project work at cost or estimated net realizable value whichever is lower.
- b) For long term contracts, at cost plus proportionate profits. The proportion of profits included is a percentage of the estimated profits of the contract apportioned in the ratio of value of work done or certified to the total value of the contract.

C. DEFERRED REVENUE EXPENDITURE

One time installation charges in respect of hired computers are amortized equally over the initial hire period.

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

D. INTEREST ON DEFERRED CREDITS

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

E. FOREIGN CURRENCY TRANSLATION

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

1 Investment

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

2. Current Assets & Liabilities

i) Current Assets:

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

ii) Current Liabilities

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

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

3. Foreign Branches/ Offices/ Projects

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

i) Fixed Assets

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

ii) Inventories

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

iii) Depreciation

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

iv) Other transactions

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

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

F. CONSULTANCY AGREEMENTS/ CONTRACTS

1. Income in respect of consultancy agreements/ contracts is accounted, based on the ratio of work completed each year to the total value of the agreements/contracts.
2. Income in respect of execution of project works awarded by Government of India, under its Aided programme, is accounted based on the goods shipped to the customers and periodical billing for technical services.

G. DEPRECIATION

- i. Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 pro rata with reference to the month of addition or deletion except assets costing less than Rs.5,000 per asset which is written off to Rs.1/ in the year of purchase.
- ii. Depreciation on fixed assets is calculated on a pro rata basis from the date of such addition or

as the case may be up to the date on which such asset has been sold, discarded or destroyed.

H WARRANTIES

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

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

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

I REVENUE RECOGNITION

The company records transactions as sales where the delivery of the goods and services are complete as per the terms of the contract. In respect of execution of project works awarded by Government of India, under its Aided programme, is accounted based on the goods shipped to the customers and periodical billing for technical services.

J RETIREMENT BENEFITS

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

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

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

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

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

K INCOME TAX

Current Tax

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

Deferred Taxes

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

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

L EARNINGS PER SHARE

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

BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in lakhs)

PARTICULAR	Note No.	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	B1	72.00	72.00
Reserves and surplus	B2	2,598.25	2,480.19
NON-CURRENT LIABILITIES			
Deferred tax liabilities (Net)	B3	115.47	113.55
Long-term provisions	B4	48.64	53.11
CURRENT LIABILITIES			
Trade paybles	B5	703.33	196.25
Other current liabilities	B6	1,155.66	750.98
Short-term provisions	B7	678.42	649.92
TOTAL		<u>5,371.77</u>	<u>4,316.00</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assests:-			
Tangible assets	B8	483.89	496.72
Other Non Current Assets	B9	-	-
CURRENT ASSETS			
Inventories	B10	40.89	-
Trade receivables	B11	1,640.70	514.09
Cash and cash equivalents	B12	2,096.84	2,297.70
Short-term loans and advances	B13	1,109.45	1,007.49
TOTAL		<u>5,371.77</u>	<u>4,316.00</u>

See accompanying notes to the financial statements.

Additional Information to Balance Sheet

B14

Accounting Policies form part of the accounts

For and on behalf of the Board

As per our report of even date
For **S. L. Patil & Co.**
Chartered Accountants

S.G. SRIDHAR
Chairman

S.GIRISH KUMAR
Managing Director

P. UDAYA SANKAR
Director
(International Marketing)

S. L. PATIL
Proprietor
M. No. 032810
(Firm Registration No.002606S)

Place : Bangalore
Date : 18-06-2012

M. C. ASHOK KUMAR
Manager, Finance

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(` in lakhs)

PARTICULAR	Note No.	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
Revenue from operations	P1	3,240.26	2,788.64
Other Income	P2	731.40	508.43
Total Revenue		<u>3,971.66</u>	<u>3,297.07</u>
Expenses:			
Cost of sales, services and works	P3	2,832.84	2,391.75
Employees benefits expense	P4	486.65	351.94
Depreciation		18.61	17.68
Finance costs	P5	(4.14)	(9.21)
Other expense	P6	181.15	186.95
Total Expenses		<u>3,515.11</u>	<u>2,939.11</u>
Profit / (Loss) Before Adjustment for Prior Period, Exceptional, Extraordinary Items and Tax		456.55	357.96
Prior Period Adjustment (PPA)	P7	0.63	2.68
Profit / (Loss) Before Extraordinary Items and Tax		457.18	360.64
Less: Extraordinary Items	P8	283.27	329.20
Profit / (Loss) Before Tax		173.91	31.44
Add: Tax provision of earlier years with drawn		17.81	-
Less: Tax expense:			
Current Tax expense for the current year		55.00	8.00
Deffered Tax		1.92	2.66
Profit / (Loss) for the year		<u>134.80</u>	<u>20.78</u>
Balance brought forwarded from the previous year		0.33	1.39
		<u>135.13</u>	<u>22.17</u>
Proposed Dividend		14.40	14.40
Tax on Dividend		2.34	2.45
Trasfer to General Reserve		118.00	5.00
Balance carried to Balance Sheet		0.39	0.33
Earnings Per Equity Share:			
Equity shares of par value ` 10/- each			
Before Extra Ordinary items			
Basic/Diluted		63.50	50.09
After Extra Ordinary items			
Basic / Diluted		18.72	2.89
No. of equity shares used in computing earnings per share		7.20	7.20
See accompanying notes to the financial statements			
Additional Information to Statement of Profit and Loss	P9		
Accounting Polices form part of the Accounts.			

For and on behalf of the Board

 As per our report of even date
 For **S. L. Patil & Co.**
 Chartered Accountants

S.G. SRIDHAR
 Chairman

S.GIRISH KUMAR
 Managing Director

P. UDAYA SANKAR
 Director
 (International Marketing)

S. L. PATIL
 Proprietor
 M. No. 032810
 (Firm Registration No.002606S)

 Place : Bangalore
 Date : 18-06-2012

M. C. ASHOK KUMAR
 Manager, Finance

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
B1	SHARE CAPITAL		
	AUTHORISED		
	80 lakh (previous year 80 lakh) Equity Shares of ₹ 10 each with voting rights	800.00	800.00
	ISSUED, SUBSCRIBED & PAID UP CAPITAL WITH VOTING RIGHTS	<u>72.00</u>	<u>72.00</u>
	7.20 Lakh (previous year 7.20 lakh) Equity shares of ₹ 10 each held by the Holding Company and its nominee. [Of the above, 500 Equity Shares of ₹ 10 each were allowed as fully paid-up for cash 29.500 Equity Shares of ₹ 10 each were allotted as fully paid - up (otherwise in consideration for cash) and 690.000 Equity Shares of ₹ 10 each were allotted as fully paid-up bonus shares by capitalisation of reserves)	<u>72.00</u>	<u>72.00</u>
B2	RESERVES AND SURPLUS		
	Particulars	As at	Additions
		01.04.2011	Withdrawals
	General Reserve	2479.86	118.00
		2,597.86	2,479.86
	Surplus/(Deficit) in Statement of Profit and Loss	0.39	0.33
		<u>2,598.25</u>	<u>2,480.19</u>
	NON CURRENT LIABILITES		
B3	DEFERRED TAX LIABILITIES (NET)		
	Deferred tax liabilities arising on account of Depreciation	115.47	113.55
		<u>115.47</u>	<u>113.55</u>
B4	LONG TERM PROVISIONS		
	Earned Leave Encashment	38.75	43.90
	Settlement Allowance	9.89	9.21
		<u>48.64</u>	<u>53.11</u>
B5	TRADE PAYABLES		
	Acceptance, Dues towards Goods supplied & Services received	645.79	142.24
	Dues to Micro, small and Medium Enterprises	57.54	54.01
		<u>703.33</u>	<u>196.25</u>

NOTES FORMING PART OF BALANCE SHEET

Note No.	Particulars	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
B6	OTHER CURRENT LIABILITIES		
	Due to the Holding Company	14.54	25.10
	Unpaid salaries	667.62	531.48
	Advance received against sales	407.81	162.78
	Employees recovery Remittances	8.62	4.39
	Earnest Money Deposits	19.34	4.65
	Others	37.73	22.58
		1,155.66	750.98
B7	SHORT TERM PROVISIONS		
	Taxation	191.00	180.09
	Dividend and tax on dividend	16.74	16.85
	Gratuity	109.48	6.54
	Provision for contingencies	283.10	324.33
	Provision for warranties	78.10	122.11
		678.42	649.92

NOTES FORMING PART OF BALANCE SHEET B8 FIXED ASSETS

(in lakhs)

	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	BALANCE AS AT 01.04.2011	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	BALANCE AS AT 31.03.2012	BALANCE AS AT 01.04.2011	DEDUCTIONS/ ADJUSTMENTS	DEPRECIATION DURING THE YEAR	BALANCE AS AT 31.03.2012	BALANCE AS AT 31.03.2011
I TANGIBLE ASSETS									
BUILDING	576.72	-	-	576.72	122.21	-	9.40	445.11	454.51
INTERIOR DECORATION	41.61	-	-	41.61	39.78	-	0.98	0.85	1.83
FACTORY EQUIPMENT	0.61	-	-	0.61	0.44	-	0.02	0.15	0.17
FURNITURE, FIXTURES, OFFICE EQUIPMENT & MEASURING INSTRUMENTS	100.73	1.44	2.43	99.74	60.52	1.08	7.79	32.51	40.21
VEHICLES	14.81	5.69	-	20.50	14.81	-	0.42	5.27	-
TOTAL	734.48	7.13	2.43	739.18	237.76	1.08	18.61	483.89	496.72
PREVIOUS YEAR	729.33	18.76	13.61	734.48	231.70	11.62	17.68	496.72	497.63
NOTE: Quantum of loss due to Impairment of Assets as per AS-28-III									

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No.	Particulars	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
B9	NON-CURRENT ASSETS		
	OTHER NON CURRENT ASSETS		
	INVENTORIES		
	Non moving Stock-in-trade at lower of cost or net realisable value	47.54	64.55
	Less : Provision for obsolescence	47.54	64.55
		-	-
B10	INVENTORIES		
	Stock-in-trade at lower of cost or net realisable value	40.89	-
		40.89	-
B11	TRADE RECEIVABLES		
	UNSECURED		
	Trade receivables outstanding for a period less than six months from the date they are due for payment:		
	Considered good	1,503.67	321.65
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	Considered good	137.03	192.44
	(Include ₹ 337.63 lakh due from Group Company's under the same management)	1,640.70	514.09
B12	CASH AND CASH EQUIVALENTS		
	(a) Cash on hand	-	-
	(b) Balances with banks		
	(i) In current accounts	202.84	310.56
	(ii) In EEFC accounts	26.30	67.14
	(iii) In earmarked accounts Balances held as margin money or security against guarantees and other Commitments	1,863.00	1,870.00
	(c) Others		
	Deposits with maturity of more than 3 months but less than 12 months	4.70	50.00
		2,096.84	2,297.70
B13	SHORT TERM LOANS AND ADVANCES		
	SECURED, CONSIDERED GOOD		
	Advances recoverable in cash or in kind or value to be received	3.56	0.09
	UNSECURED, CONSIDERED GOOD		
	(a) Loans and advances to related parties	630.00	630.00
	(b) Security Deposit	26.16	37.12
	(c) Loans and advances to employees	14.83	14.18
	(d) Prepaid expenses	14.59	2.51
	(e) others		
	Advances paid to suppliers / services providers	42.59	6.39
	Interest recoverable on Deposits with Banks	13.45	12.64
	Claims receivables	25.53	-
	Export Incentives receivables	3.25	2.67
	Advance Tax:		
	Tax Deducted at Source for the current year	39.01	23.03
	Advance Income Tax for the current year	20.00	120.00
	Income Tax Assessment Pending	276.48	158.86
		1,109.45	1,007.49

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No.	Particulars	As at 31.03.2012	As at 31.03.2011
B14	ADDITIONAL INFORMATION TO BALANCE SHEET		
1	The company is contingently liable for:		
1.1	Guarantees & Counter Guarantees and Letter of Credits issued to various parties by the Company's bankers.	1,240.18	719.82
1.2	Balance Arrears of 1997 pay / wage revision not provided for.	-	311.43
1.3	Estimated amount of commitment remaining to be executed on capital account and not provided for the cost of Stamp duty, Registration and other charges for Building (5th Floor, HMT Bhavan)	78.95	78.95
2	The company is pursuing a claim from EIC, Ethiopia, which is backed by Sovereign Guarantee of Government of Ethiopia for dues outstanding since 1991. The estimated present value of the claim is as follows.		
	a. Supplies and interest (as per Schedule of Payment due from EIC).	5,307.76	4,630.01
	b. Overdue Interest due from Feb '91, which has not been accounted for in the books	6,428.84	5,259.55
3	Trade Paybles		
	Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company		
	a. Dues to Micro & Small Enterprises remaining unpaid as at the end of the year		
	i. Principal	57.54	54.01
	ii. Interest due thereon	-	-
	b. Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	-	-
	c. Amount of interest due and payable for the period of delay in making the payment which have been paid but beyond the appointed day during the year but without adding the interest under MSMED Act, 2006.	-	-
	d. Amount of interest accrued and remaining unpaid as at the end of the accounting period.	-	-
	e. Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-
4	Advances (Long Term / Short Term) include		
4.1	Amount recoverable from employees advances, bonus etc pending adjudication/negotiations	0.03	0.03
4.2	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	10.89	11.87
5	Building valued at ` 576.72 lakh was taken over from M/S HMT Ltd., the Holding Company and capitalised on possession as on 31.01.1998. No sale deed has been executed and registered pending disposal of the application for waiver of stamp duty and other registration charges before the State Government and the title deed of which remains with M/S HMT Limited, the Holding Company.		
6.	The Company has initiated recovery actions against certain Parties viz., Koluthara Exports Ltd., Kerala, Nawab Cahew Packers, Kerala and Nucor Wires Ltd., Bangalore, for non payment of dues / breach of contractual obligations, by initiating Arbitration proceedings and for execution of the Award through the jurisdictional Civil Courts involving an amount of ` 116 lakh plus 9% interest from 01.06.2001 to the date of settlement, ` 69.23 lakh Plus 18% interest from 03.02.2003 to the date of settlement and ` 65.50 lakh from the respective party, and the same are pending in various stages of court process. The Company is hopeful of early recovery of these dues based on the Arbitration Awards / recovery suits, obtained in favour of the Company.		
7	Provision for Taxation has been made under provisions of the Income Tax Act, 1961.		
8	Balances under Trade Receivables, Loans & Advances, Trade Payables are subject to confirmation, although confirmation has been sought in most of the cases.		
9	Previous year's figures have been recast wherever necessary to make them comparable.		

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT

(` in lakhs)

Note No.	Particulars	Figures for the current reporting period	Figures for the previous reporting period
P1	REVENUE FROM OPERATIONS		
	Sale of products	855.56	1,607.00
	Technical services	9.62	37.49
	Project sales and services	2,371.18	1,134.76
	Export assistance	3.90	9.39
	Other Operating income	-	-
		<u>3,240.26</u>	<u>2,788.64</u>
P2	OTHER INCOME		
	Interest on Deposits with banks (TDS for the year ` 19.21 (Previous year ` 10.70 lakh)	179.62	107.23
	Interest on Inter corporate loan (TDS for the year ` 4.30 lakh (Previous year ` 4.30 lakh)	66.00	66.00
	Interest recovery on advances	22.29	10.08
	Provision no longer required	454.33	323.74
	Miscellaneous income	9.16	1.38
		<u>731.40</u>	<u>508.43</u>
P3	COST OF SALES, SERVICES AND WORKS		
	Purchases	2,095.52	1,757.43
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade (Schedule P3.1)	(23.88)	52.10
	Freight on export	22.62	118.25
	Insurance on exports	1.91	2.85
	ECGC Premium	0.79	0.74
	Clearing, handling and inspection	140.33	27.66
	Agency Commission paid to agents	9.08	0.76
	Erection & Commissioning charges	8.64	7.67
	Warranties	35.08	23.05
	Contingencies	247.15	152.46
	Other expenses (Schedule P6.1)	297.94	258.52
	FOB charges recovered	(2.34)	(9.74)
		<u>2,832.84</u>	<u>2,391.75</u>
P3.1	CHANGES IN INVENTORIES OF STOCK IN TRADE, WORK IN PROGRESS		
	Stock-in-Trade		
	Opening stock:		
	Finished goods	64.55	116.65
	Less: Closing Stock:	64.55	116.65
	Finished goods	88.43	64.55
		<u>88.43</u>	<u>64.56</u>
		<u>(23.88)</u>	<u>52.10</u>

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT

(` in lakhs)

Note No.	Particulars	Figures for the current reporting period	Figures for the previous reporting period
P4	EMPLOYEES BENEFIT EXPENSES		
	Salaries, Wages, Bonus and other benefits	294.22	274.88
	House Rent Allowance	18.67	9.72
	Gratuity Premium	116.47	19.60
	Contribution to Provident Fund & Family Pension Scheme	33.04	19.38
	Welfare Expenses	24.25	28.36
		<u>486.65</u>	<u>351.94</u>
P5	FINANCE COSTS		
	Interest Expense	2.03	0.90
	Gain/loss on foreign currency transaction and translation (net)	(6.17)	(10.11)
		<u>(4.14)</u>	<u>(9.21)</u>
P6	OTHER EXPENSES		
	Rent	5.05	1.81
	Rates and taxes	0.70	2.66
	Office Maintenance	7.42	6.12
	Printing & stationery	3.75	4.80
	Recruitment Expenses	-	0.58
	Royalty	16.35	13.92
	Books periodical & membership	1.35	1.25
	Electricity, fuel & water charges	0.26	0.26
	Advertisement & Publicity	3.03	5.69
	Exhibitions	0.76	2.79
	Communication	11.94	10.41
	Audit fee:		
	Statutory audit (including applicable taxes)	0.45	0.44
	Tax audit (including applicable taxes)	0.13	0.13
	Travelling & Conveyance	43.16	50.74
	Delegation & export promotion	9.09	9.08
	Repairs & Maintenance	3.41	1.03
	Insurance general	0.45	0.43
	Training, seminars & conference	0.60	0.73
	Vehicle maintenance	1.83	1.71
	Professional and legal	1.30	0.76
	Bank charges	5.22	9.00
	Fees for services rendered	13.50	8.65
	Charges paid to Holding Co.	41.68	42.23
	Loss on Assest sold	1.35	1.90
	Loss sustained by PF Trust	0.22	5.11
	Miscellaneous	8.15	4.72
		<u>181.15</u>	<u>186.95</u>

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT

Note No.	Particulars	Figures for the current reporting period	Figures for the previous reporting period
P6.1	OTHER EXPENSES (COST OF SALES, SERVICES AND WORKS)		
	Printing & stationery	0.67	0.15
	Advertisement & Publicity	1.89	0.33
	Communication	0.07	0.52
	Travelling & Conveyance	61.91	59.62
	Delegation & export promotion	5.47	6.30
	Training, seminars & conferance	73.02	9.74
	Professional and legal	-	0.02
	Bank charges	9.07	3.14
	Fees for services rendered	145.45	177.67
	Miscellaneous	0.39	1.03
		297.94	258.52
P7	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Expenditure		
	Other Expenses	-	-
	Less : Income		
	Export Incentives	-	2.68
	Sales of products	0.63	-
		0.63	2.68
P8	EXTRA ORDINARY ITEMS		
	1997 pay / wage revision arrears of separated employees	283.27	329.20
		283.27	329.20
		Year ended 31.03.2012	Year ended 31.03.2011
P9	ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS		
1	Income Inclue		
	i) Export incentives such as Duty Draw Back (DBK), was accounted on receipt basis, the same is now accounted on accrual basis.	-	2.42
	ii) Project Works including services executed under an agreement with Government of India against which physical exports have been completed up to 31.03.2012	2,371.18	1,134.76
2	Employee Benefit expenses include		
	i) Provision for Earned Leave encashment made based on Actuarial valuation of Earned Leave at credit as at the year end	11.73	12.30
	ii) Provision for Settlement Allowance made based on Actuarial Valuation	1.36	0.89
	iii) The differential liability of Gratuity, Earned Leave encashment and Settlement Allowance on arrears of pay relating to 1992 wage revision, will be determined and provided for as and when payment is made to the employees	-	0.14
	iv) Gratuity has been provided for/paid under Group Gratuity Policy with Life Insurance Corporation of India on the basis of actuarial valuation conducted by the LIC of India.	116.47	19.60
	v) Payments relating to Directors (including Managing Director)		
	Salaries	18.45	6.84
	Provident Fund	1.87	0.72
	Gratuity Premium	0.76	0.39
	Welfare	0.44	0.31

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakh)

Note No.	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
3	Consequent to the Implementation of 1997 pay/wage revision vide GOI, MHI & PE, DPE, Order 31.03.2009 has No. 05-III(5)2009-P. E.X dated 15.06.2011, accounting of arrears from 01.01.1997 to resulted in reduction in profit to the extent of	283.27	329.20
4	Other expense include		
	a) Travelling expenses of Directors	14.49	12.10
	b) Company's Share of loss sustained by PF Trust	0.22	5.11
5	Additional information required under Part-II of schedule VI to the companies Act, 1956		
	I. Consumption of Raw materials, components, spares & accessories:		
	Imported 20%	410.14	18% 324.10
	Indigenous 80%	1,661.50	82% 1485.43
	TOTAL 100%	2,071.64	100% 1809.53
	II. CIF Value of Imports:		
	Components & Accessories	418.19	324.10
	III. Earnings in Foreign Exchange		
	a) FOB Value of Exports	380.06	755.89
	b) Technical Services	84.83	117.72
	TOTAL	464.89	873.61
	IV Particulars of turnover:	Qty. Nos.	VALUE
	Machine tools, spares & accessories	12	843.01
	Tractors / Automobiles	-	0.14
	Watches	2810	12.41
	Project supplies	115	1,961.58
	Income from Technical services		419.22
	Trading		-
	Computers & software		-
	Sport Goods		-
	Medicines		-
	Export Incentives		3.90
	Total		3,240.26
	The turnover includes Highseas Sales ` 410.14 (Previous year ` 324.10)		2,788.64
	V Expenditure in Foreign Currency:		
	Travelling Expenses	37.29	36.32
	Others	542.90	336.53

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 15 (REVISED)

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

The actuarial valuation has been made based on the following assumptions:

1 Retirement age	60 Years	58 Years
2 Future Salary escalation	7% p.a	7% p.a
3 Rate of Discount	8% p.a	8% p.a
4 Attrition rate	1to 3% depending on the age	
5 Mortality rate	LIC (1994-96) Ultimate	

Defined Benefit Plan

		Gratuity (Funded)	
		2011-12	2010-11
1	Rconciliation of changes in respect of obligations		
	Present Value of obligation as at the beginning of the year	200.38	148.37
	Interest cost	16.03	11.87
	Current Service Cost	6.68	0.47
	Benefits paid	(3.91)	(16.34)
	Actuarial (gain) / loss on obligation	105.05	56.01
	Present Value of obligation as at the end of the year	324.23	200.38
2	Rconciliation of change in the fair value of plan assets		
	Fair value of plan assets at the beginning of the year	193.85	147.26
	Expected return of plan assets	18.87	16.07
	Contributions	13.21	46.86
	Benefit paid	(3.91)	(16.34)
	Actuarial Gain / (Loss) on Plan assets	-	-
	Fair value of plan assets at the end of the year	222.02	193.85
3	Rconciliation of fair value of the plan assets		
	Fair value of plan assets at the beginning of the year	193.85	147.26
	Actual return on plan assets	18.87	16.07
	Contributions	13.21	46.86
	Benefit paid	(3.91)	(16.34)
	Fair value of plan assets at the end of the year	222.02	193.85
	Funded status	102.21	(6.54)
4	Actuarial Gain / Loss recognised		
	Actuarial (gain) / loss for the year - obligation	(105.05)	56.01
	Actuarial (gain) / loss for the year - plan assets	-	-
	Total (gain) / loss for the year	105.05	56.01
	Actuarial (gain) / loss recognised in the year	105.05	56.01
5	Amounts recognised in the Balance Sheet and Profit & Loss Account		
	Present Value of obligation as at the end of the year	324.23	200.38
	Fair value of plan assets at the end of the year	222.02	193.85
	Funded status	(102.21)	(6.54)
	Net asset / (liability) recognised in the balance sheet	102.21	6.54
6	Expenses Recognised in statement of Profit & Loss Account		
	Current Service Cost	6.68	0.47
	Interest Cost	16.03	11.87
	Expected return on plan assets	(18.87)	(16.07)
	Net Actuarial (gain)/loss recognised in the year	105.05	56.01
	Expenses recognised in statement of Profit and Loss	108.89	52.28

Disclosure Requirement as Accounting Standard -1

Consequent to change in accounting policies of the company in respect of warranties, there would not be any significant impact on account of these changes as the company was already making necessary provision to meet such warranty cost.

Segment Reporting as per Accounting Standard - 17

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

DICLOSURE REQUIRMENT AS PER ACCOUNTING STANDARD - 22

- Depreciation	(` in lakh)
Deferred Tax Assets / (Liabilities) as at 01.04.2011	(113.55)
Charged / (credit) during the year	(1.92)
Deffered Tax Assets / (Liabilities) as at 31.03.2012	(115.47)

DICLOSURE REQUIRMENT AS PER ACCOUNTING STANDARD - 29**- Provisions and Contingent Liabilities**

(` in Lakh)

Sl No.	Nature of Provision	Opening Balance as on 01.04.2011	Additions during the year	Used during the year		Closing Balance as on 31.03.2012
				Amount Utilised	Amount with drawn	
1	Provision for Contigencies	324.33	247.15	11.84	276.54	283.10
2	Provision for Erection & Commissioning	-	2.05	-	-	2.05
3	Provision for Gratuity	6.54	109.48	6.54	-	109.48
4	Provision for Earned Leave Encashment	43.90	11.73	13.98	-	41.65
5	Provision for Settlement Allowance	9.21	1.36	0.21	-	10.36
6	Provision for Warranties	122.11	35.08	11.14	67.95	78.10
TOTAL		506.09	406.85	43.71	344.49	524.74

DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARD - 18
- RELATED PARTIES

(` in Lakh)

PARTICULARS	HMT LIMITED									
	HMT Machine Tools Limited	HMT Watches Ltd	HMT Chinar	HMT Bearings Limited	Tractor	Food Processing Unit	Common Service	Corporate Office		
Description of the relationship between the parties			-----Fellow Subsidiaries-----				HOLDING COMPANY			
Description of the nature of transactions	Exp. thru' Purchases. Sales thru' Imports	Exp. thru' Purchases. Sales thru' Imports	Export through Purchases	Export through Purchases	Inter-Corporate Loan	Export through Purchases	Sales thru Imports	Maintenance Services	General Services	Inter-Corporate Loan
Volume of the transactions	908.90	145.99	-	-	-	11.05	-	4.94	41.68	-
Other elements of related party transactions necessary for understanding the Financial Statements	No substantial amounts involved during the year									
Outstanding items i.e. dues to and from	233.64(DR)	27.78(DR)	-	76.21(DR)	200.00(DR)	0.97 (CR)	0.63(CR)	-	12.94(CR)	430.00(DR)
Provision for Doubtful	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Amount written off or written back in the period in respect of debts due from or to related parties	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

CASH STATEMENT FOR THE YEAR ENDED 31.03.2012

(` in lakhs)

Particulars	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and dividend	173.91	31.44
Adjustment for		
Depreciation	18.61	17.68
Profit on Sale of Fixed Assets (Net)	1.35	1.90
Interest income (Net)	(265.88)	(182.41)
Operating Profit / (loss) before working capital changes	(72.01)	(131.39)
Adjustment for (increase) / decrease in operating assets		
Inventories	(40.89)	52.10
Trade Receivables	(1,126.61)	443.77
Short-term loans and advances	(101.96)	(191.09)
Cash Generated from Operations	(1,341.47)	173.39)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	507.08	(353.20)
Other current liabilities	404.68	227.84
Short-term provisions	28.50	24.99
Long-term provisions	(4.47)	(8.19)
Net Cash from / (used in) operating Activities (A)	(405.68)	64.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7.13)	(18.76)
Sale proceeds of Assets and investments	-	0.09
Income Tax (paid) / refunds	(55.00)	(8.00)
Income Tax provision of earlier years withdrawn	17.81	-
Net Cash used in Investing Activities (B)	(44.32)	(26.67)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(14.40)	(14.40)
Tax on dividend	(2.34)	(2.45)
Interest income (Net)	265.88	182.41
Net cash flow from / (used) financing activities (C)	249.14	165.56
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	(200.86)	203.72
Opening Cash and Cash Equipments	2,297.70	2,093.98
Closing Cash and Cash Equipments	2,096.84	2,297.70
Net Increase/Decrease(-) in cash & Cash Equivalents	(200.86)	203.72
Notes to the Cash flow Statement		
Cash and Cash Equivalent comprises of cash, bank balance and fixed deposit with Bank		

For and on behalf of the Board

As per our report of even date
For **S. L. Patil & Co.**
Chartered Accountants**S.G. SRIDHAR**
Chairman**S.GIRISH KUMAR**
Managing Director**P. UDAYA SANKAR**
Director
(International Marketing)**S. L. PATIL**
Proprietor
M. No. 032810
(Firm Registration No.002606S)Place : Bangalore
Date : 18-06-2012**M. C. ASHOK KUMAR**
Manager, Finance

