

## HMT LIMITED

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**BOARD OF DIRECTORS\***

Shri. S. Girish Kumar	Chairman & Managing Director
Dr. Subhash Chandra Pandey	Director
Shri. Vishvajit Sahay	Director
Shri. Ravindra Singh	Independent Director
Smt. Shashi B. Srivastava	Director, Finance

\*As on 09-08-2018

**CHIEF FINANCIAL OFFICER**

Shri. Bhaskara Gowdar (w.e.f. 29-08-2017 upto 30-06-2018)

Shri C A Hitesh Goyal (w.e.f. 01-07-2018)

**COMPANY SECRETARY**

Shri. Kishor Kumar S (w.e.f. 08-06-2017)

**CHIEF VIGILANCE OFFICER**

Shri. Ram Krishna Swarnkar (from 31.03.2017 upto 26.10.2017)

Dr. Mamta Kochar (from 27-10-2017 till date)

**STATUTORY AUDITOR**

**M/s. B. K. RAMADHYANI & Co LLP**

Chartered Accountants

4B, Chitrapur Bhavan,

68, 8th Main, Malleshwaram

Bengaluru - 560 055

**SECRETARIAL AUDITOR**

**S. VISWANATHAN**

Practicing Company Secretary

Susheel Chandra Apts.

17th A Cross, 10th A Main,

Malleshwaram (W), Bengaluru - 560 055

**BANKERS**

UCO Bank

Punjab National Bank

**REGISTERED OFFICE**

"HMT BHAVAN"

59, Bellary Road, Bengaluru - 560 032

**CORPORATE IDENTITY NUMBER**

L29230KA1953PLC000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot No. 31 & 32

Gachibowli, Financial District,

Nanakramguda, Serilingampally,

Hyderabad - 500 008

**PERFORMANCE HIGHLIGHTS**

(₹ in lakhs)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>OPERATING STATISTICS</b>										
Sales	1480	1043	726	6155	7971	10095	16112	20086	19164	16098
Other Income *	1730	1634	10448	3239	30518	4756	4658	5475	1078	1425
Materials	414	267	246	3805	6319	5365	12118	13746	12083	10596
Employee Costs	1194	1026	1106	10334	9030	7070	7499	8371	6762	6367
Other Costs	894	5042	470	2293	11754	4090	2906	3140	3252	4811
Depreciation	25	32	27	367	340	355	440	387	392	340
Earnings before Interest	579	(3728)	9348	-8174	12016	(4135)	735	(16)	(3323)	(5664)
Interest	212	288	297	1836	1434	10403	8955	7908	1968	1234
Earnings/(Loss) before Tax	367	(4016)	9051	(10010)	10582	(14538)	(8220)	(7924)	(5291)	(6898)
Taxation (net off withdrawal/refunds)	-	(1861)	-	-	1861	-	-	-	-	181
Discontinued Operations (Tractors)	(1083)	(21794)	(10765)							
Net Earnings	(717)	(23949)	(1714)	(10010)	8721	(14538)	(8220)	(7924)	(5291)	(7079)

**FINANCIAL POSITION**

Net Fixed Assets	1723	1956	2229	2481	2831	3159	3507	3868	4028	4094
Current Assets	18983	18832	9345	64225	67742	68604	70619	65557	72668	71078
Current Liabilities & Provisions	20295	20950	35387	27723	21881	26928	25701	24309	21437	19445
Working Capital	(1311)	(2117)	(26041)	36502	45861	41676	44918	41248	51231	51633
Capital Employed	412	(161)	(23812)	38983	48692	44835	48425	45116	55259	55727
Investments	72042	72029	76425	76425	76390	76556	76556	76556	76556	76571
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	29
Borrowings	58738	47652	15094	13846	11246	82349	71401	59871	62091	57312
Preference Share Capital (PSC)	3686	3686	3686	66000						
Net Worth	10029	20530	33833	35562	113838	39043	53581	61800	69724	74986

**OTHER STATISTICS**

Capital Expenditure	10	13	65	8	12	7	81	227	327	681
Internal Resources Generated	(691)	(25778)	(1687)	(9643)	10922	(14183)	(7780)	(7537)	(4899)	(6739)
Working Capital Turnover Ratio	-	-	-	0.17	0.17	0.24	0.36	0.49	0.37	0.31
Current Ratio	0.94	0.90	0.26	2.32	3.10	2.55	2.75	2.70	3.39	3.66
Return on Capital(%)	-	-	-	(18.65)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)
Employees (Nos)	103	118	128	1421	1434	1442	1699	1904	2088	2205
Per Capita Sales	14.37	8.84	5.67	4.33	5.56	7.00	9.48	10.55	9.18	7.30

\* Includes Extra Ordinary &amp; Exceptional Items

Note: Figures are as per IND AS and Networth excludes PSC from FY 2014-15

## DIRECTORS' REPORT

To  
The Members,  
HMT Limited  
Bangalore

Dear Members,

The Board of Directors has pleasure in presenting the 65<sup>th</sup> Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2017-18 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

### Financial summary or highlights / Performance of the Company (Standalone)

Rs. in Lakhs

Particulars	2017-18	2016-17
Gross Revenue from continuing Operations	1480	1043
Profit Before Depreciation and Finance Costs	603	(4227)
Depreciation	25	32
Gross Profit/(Loss)	578	(4259)
Finance Cost	212	288
Net profit before exceptional Items and PPA	366	(4547)
Add : Exceptional Items	-	531
Less : Prior Period Adjustments		
Net Profit before Tax	366	(4016)
Provision for Tax	-	(1861)
Net Profit After Tax	366	(2155)
Profit/Loss from discontinued operations	(1083)	(21794)
Net Profit/(Loss) for the year	(717)	(23949)
Other Comprehensive Income	512	349
Total Comprehensive Income	(205)	(23600)

### BUSINESS SCENARIO:

As per the provisional estimates of national income released by Central Statistics Office on 31st May 2018, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2017-18 is estimated at 6.7 per cent, as compared to the growth of 7.1 per cent in 2016-17.

The growth in Gross Value Added (GVA) at constant basic prices for the year 2017-18 is estimated at 6.5 per cent, as compared to 6.6 per cent in 2016-17. At the sectoral level, agriculture, industry and services sectors grew at the rate of 3.4 per cent, 5.5 per cent and 7.9 per cent respectively in 2017-18.

The growth in overall IIP (with base 2011-12) was 4.9 per cent in April 2018, as compared to a growth of 3.2 per cent recorded in April 2017. The IIP growth during 2017-18, was 4.3 per cent, as compared to growth of 4.6 per cent during 2016-17. Production of eight core infrastructure industries grew by 4.7 per cent in April 2018, as compared to 2.6 per cent in April 2017.

The manufacturing sector grew by 5.2 per cent in April 2018, as compared to the growth of 2.9 per cent in April 2017. The manufacturing sector's growth during 2017-18 was 4.5 per cent, as compared to growth of 4.4 per cent during 2016-17.

Production of eight core infrastructure industries grew by 4.7 per cent in April 2018, as compared to 2.6 per cent in April 2017. During 2017-18, the production in eight core industries grew by 4.3 per cent, as compared to the growth of 4.8 per cent in corresponding period of previous year.

The value of merchandise exports and imports increased by 20.2 per cent and 14.9 per cent respectively in US dollar terms in May 2018. During May 2018, oil imports increased by 49.5 per cent and non-oil imports increased by 6.0 per cent over May 2017.

### OPERATING RESULTS:

Company's main business portfolios included product range of Food Processing Machines. The Company recorded a Production of Rs.12.53 Crore (121 Nos of Food Processing Machines) as against Rs. 9.58 Crore (437 Nos of Food Processing Machines), in the previous year, and Sales of Rs 11.32 Crore (107 Nos of Food Processing Machines) compared to Rs 10.14 Crore (excluding Excise Duty) (475 Nos of Food Processing Machines) in the previous year.

Rs. In Cr.

Year	2017-18		2016-17	
	Nos.	Value	Nos.	Value
<b>Production</b>	121	12.53	437	9.58
<b>Sales</b>	107	11.32	475	10.14

Further, consequent upon closure of business operations of HMT Watches Limited, the stock of finished goods (Watches and Watch components) lying at Global Warehouse of HMT Watches Limited was transferred to the Common Service Division of Holding Company and the Company has taken up sale of watches through two Company owned Showrooms as well as through online sales. The sales of watches generated revenues of Rs. 3.45 Crore during the year 2017-18.

The total turnover of the Company for the year 2017-18 stands at Rs. 14.77 Crore as against Rs. 10.14 Crore (excluding Excise Duty) during 2016-17. The PBT for the year 2017-18 is Rs. 3.66 Crore as against loss of Rs. (40.16) Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of Rs.175.20 Crore. Revenue from the operations reported as Rs 202.41 Crore for the year 2017-18 against Rs. 215.36 Crore of previous year. HMT Group incurred loss of Rs.142.13 Crore against previous year loss of Rs. 540.97 Crore.

#### **FUTURE OUTLOOK:**

##### **Food Processing Machinery**

The contribution of the food processing sector to Gross Value Added (GVA), employment and investments is significant. It is estimated that the gross value of plant and machinery deployed in food processing sector, by the year 2024-25 will be Rs. 344867 Cr.

The sub sector manufacturing dairy products over seven years, from 2008-09 to 2014-15 had a compounded annual growth rate of 13 per cent in fixed capital and 16 per cent in total output. This reflects huge capital deployment in the segment as well as growth in the output for the segment. Projecting the growth of the segment for the next 10 years at the current growth rate of 13 per cent, the investment in fixed capital is estimated to be Rs. 66124 Cr. by the year 2024-25.

The growth of food processing industry is fuelling the demand for equipment for the sector. The Indian food processing market has the presence of most of the global equipment

manufacturing companies. Factoring the growth for gross value of dairy plant and machinery at 81 per cent of fixed capital, the expected size of the segment is estimated to be Rs. 53566 Cr. by the year 2024-25.

According to the database of the Department of Commerce, Government of India, India imported Rs. 1092 Cr. worth of food processing plant and machinery in the year 2016-17, out of which the import for dairy sector equipment was Rs. 113 Cr.

##### **Machine Tools Market in India:**

The continued investment by the government in public infrastructure is helping the economy to grow. The automotive sector is also steadily picking up which is expected to give boost to MSME's in the country. The development of MSME's is also one of the principle objectives of the Government. All this in turn is expected to boost the demand for machine tools during 2018-19.

India stands 12<sup>th</sup> in production and 8<sup>th</sup> in the consumption of machine tools in the world as per the 2017 Gardner Business Media survey. Demand for machine tools accrues from the manufacturers of primary goods and intermediate goods. The primary user industries include the automotive sector, capital goods sector and consumer durables sector. Prominent users of machine tools in the intermediate goods sector include the auto components, the ball and roller bearings and electronic components. Sectors like defense and industrial intermediates recorded a good growth in turnover during 2017-18.

The increasing domestic demand which is not currently met by domestic production indicates the vast business potential available within the country for machine tools. Further as per IMTMA during the year 2017-18 there is growth of around 25% in Indian Machine Tools Industry and indications show a good order book going into 2018-19 which augurs well for the industry. IMTMA projected good growth of Automobiles and auto components sectors as well as investments in infrastructure section, hence machine tool industry can expect a healthy growth in the near terms from customer segments such as Defence, Aerospace,

Railways etc in addition to particularly strengthening Machine Tool Industry to meet challenges of disruptions such as additive Manufacturing, EVs etc. This growth in various sectors presents a positive outlook for improving the company's business during 2018-19.

#### **DIVIDEND & PROVISIONS**

Owing to the losses incurred during the year, the Directors are unable to recommend any dividend on the paid up equity share capital of the Company.

#### **SHARE CAPITAL**

The Authorized Share Capital of the Company is Rs. 2100 Crore and Paid up equity Share Capital is Rs. 1204.09 Crore (120,40,91,640 equity shares of Rs. 10/- each fully paid up).

#### **FIXED DEPOSITS**

The Company has not accepted any deposits from the public and hence there is no violation of Chapter V of Companies Act 2013, and the corresponding rules made there under

#### **Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended**

The statement showing the details of top ten employees in terms of remuneration drawn as per rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014 is in the Annexure.

#### **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 2017-18, the Company has not received any complaints of Sexual Harassment.

#### **FRAUD REPORTING**

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

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Every Company having Networth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or a net profit of Rs. 5 Crore or more during the immediately preceding financial year shall constitute the CSR Committee of the Board. The Company does not meet any of these criteria during immediately preceding financial year. Hence, CSR Committee has not been constituted.

#### **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. In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated "Risk Management Policy" on 19.06.2018 and the policy is placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com).

#### **PARTICULAR OF EMPLOYEES**

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

#### **SUBSIDIARY COMPANIES**

##### **HMT Machine Tools Limited**

The Subsidiary achieved Sales of Rs.168.83 Crore against Rs. 176.90 Crore (excluding excise duty) in the previous year and Production attained is of Rs. 163.15 Crore as against Rs. 183.30 Crore, in the previous year. Net loss reported is Rs. 125.42 Crore during the year 2017-18 against reported loss of Rs 127.95 Crore in previous year.

##### **HMT (International) Limited**

The Subsidiary achieved a turnover of Rs. 24.95 Crore during the year 2017-18 as against Rs. 23.98 Crore recorded in the previous year 2016-17. New Order procurement during the year is Rs. 36.73 Crore as against Rs. 20.19 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary reported Profit before Tax (PBT) of Rs. 0.01 Crore against Rs. 0.26 Crore reported in previous year.

### SUBSIDIARIES UNDER CLOSURE:

As per the CCEA decision, the operations of the subsidiaries namely HMT Watches Ltd, HMT Chinara Watches Ltd and HMT Bearings Ltd have been closed. There has been no production during the year. Revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year net loss incurred by HMT Watches Limited is Rs.13.67 Crore and by HMT Bearings Limited is Rs.1.27 Crore. HMT Chinara Watches Limited has achieved profit of Rs. 0.01 Crore.

### ASSOCIATE /JOINT VENTURE COMPANY

#### SUDMO-HMT Process Engineers (India) Limited

This Joint Venture Company could not transact any business during the year under review. For the financial year 2017-18, this Company showed a Profit after tax of Rs 0.65 Lakhs only on account of the interest income of Rs 3.31 Lakhs, on the fixed deposits kept with the Banks.

#### Gujarat State Machine Tools Corporation Ltd

This Joint Venture Company between HMT and GLIC Ltd has discontinued its operations since long. It is therefore proposed to divest from this Associate Company jointly with the JV Partner. The process of disinvestment from this Company is under consideration by the Company in consultation with the JV Partner.

Salient features of the financial statement of subsidiaries/ associate companies/joint ventures are provided in Form AOC-1 as annexure.

### INDIAN ACCOUNTING STANDARDS

As required under Companies (Indian Accounting Standard) Rules, 2015 (Notification No. 111(E) dated 16.02.2015 issued by Ministry of corporate affairs) the Company has prepared the financial statements in accordance with Indian Accounting Standards(Ind AS) with effect from Financial year 2016-17 along with comparatives for the previous year 2015-16.

### CONSOLIDATED FINANCIAL STATEMENTS

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the

Subsidiaries for the financial year 2017-18, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

The financial information of each of the subsidiary companies has been furnished as part of the Consolidated Balance Sheet of the Company. Separate audited accounts of the subsidiary Companies will be made available upon request by any member of the Company interested in obtaining the same. The annual accounts and other information of each of the subsidiary companies will be available for inspection by any member at the registered office of the Company & also available at company's website [www.hmtindia.com](http://www.hmtindia.com).

### HUMAN CAPITAL

Information in accordance with the Companies Act, 2013 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2017-18.

The employee strength of the Company as on March 31, 2018, stood at 103 Nos comprising of various categories of employees in manufacturing plants and other offices in technical and other professional areas.

The number of employees on the rolls of the Company as on March 31, 2018 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	17
Scheduled Tribes	02
Other Backward Classes	15
Ex-Servicemen	01
Persons with Disabilities	04
Women employees	13
Minorities	06

### INDUSTRIAL RELATIONS

The overall Industrial Relations situation in the Company during the year remained cordial.

### IMPLEMENTATION OF OFFICIAL LANGUAGE

Continuous efforts are being made by the Company towards implementation of Official Language Act, Rules & Policy as per the directives of the Government to enhance the

levels of usage. The Official Language Implementation Committee have been constituted in all the Units of the Company and its Subsidiaries, including the Corporate Office at Bangalore to monitor implementation of Official Language Act, Rules, Policy, etc. which meets at regular intervals in every quarter.

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of September. Various competitions in Hindi such as Hindi Story narration, Hindi News Paper Reading, Hindi Quiz, Hindi Conversation, Hindi Antakshari, etc., were organized and participants were awarded prizes. A workshop was organised during the above period. The Hindi Magazines/ Newspapers are being procured to propagate the usage of Hindi among employees. The concerned Officers of the Company regularly take part in the meetings of the Town Official Language Implementation Committee.

Reporting on progress of Hindi proliferation in the Company is being done periodically on Rajabhasha Vibhag portal.

#### **VIGILANCE ACTIVITIES**

Chief Vigilance Officer (CVO) appointed by the Government of India heads the Corporate Vigilance Department of the Company. Presently, CVO, Engineering Projects India Limited (EPIL) has been assigned with the additional charge of CVO HMT Limited.

The Corporate Vigilance Department carries out vigilance function in the Holding Company as well as Subsidiary Companies. Vigilance function in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

All the Unit Vigilance Officers send their monthly Vigilance / Inspection Reports and Surprise Inspection reports to CVO. Reports so received are scrutinized at CVO Office for further action. Unit Vigilance Officers also verify Annual Property Returns submitted by the employees of the Unit.

Apart from regular inspections by Unit Vigilance Officers, CVO conducts CTE (Chief Technical Examiner at CVC) type surprise and regular inspections of high value purchase/ contracts and systems by visiting various subsidiaries and Units.

Violations of rules and procedures observed during the inspection of files by CVO/Dy. CVO/Unit VOs were recorded and depending upon the seriousness of the deviations, further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection, in the quarterly Vigilance Workshop and advise the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated and all the concerned officers should comply with CVC and Company Purchase Manual guidelines.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedure and all norms of transparency in tendering process. Based on CVC's guidelines for 'Improving Vigilance administration by leveraging technology and increasing transparency through effective use of website' necessary directions were given by CVO for implementation of the same. Some of the systems put in place by the Company are:

1. Uploading of all open tenders and high value Limited Tenders on [www.tenders.gov.in](http://www.tenders.gov.in) (Website of GOI).
2. Publishing details regarding all purchase orders / contracts concluded during the month of and above the threshold value (presently Rs 5.00 lakhs). This is generally followed by all manufacturing Units.
3. Application form for vendor registration along with list of items required by Units of HMT Limited and Subsidiaries are made available on Company Website so as to enable the interested vendors to download the application form and submit the same to the Unit of their choice.
4. Management is in a process of adopting E-procurement process.
5. Management is in a process of adopting Integrity Pact.
6. In many of the units / Subsidiary, E-payment mode to suppliers is adopted and compliance level is 30 to 85%.
7. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees.



8. Vigilance Awareness Week 2017 with the theme “**My Vision-Corruption Free India**” was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.
9. Number of inspections including surprise inspections carried out by Unit Vigilance Officers and number of Annual Property Returns scrutinized between April 2017 to March 2018 is tabulated below:-

Inspection	Total carried out between April 2017-March 2018 (by Unit Vigilance Officers)
Periodic Inspection of purchase files	1082
Surprise Inspection	225
Scrutiny of Annual Property Returns	685

### **CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, a Report on the Corporate Governance is annexed as part of this Report along with the Compliance Certificate from the Auditor. A Report on Management Discussion and Analysis is also appended to this Report separately. Further, a declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2018, is also appended.

The Register of Members and Share Transfer Records both in respect of the shares held in physical and depository form are maintained by Karvy Computershare Private Limited, the Registrars & Share Transfer Agents of the Company.

### **INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of Particulars) Rules, 1988, are annexed to this Report.

### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- ✓ that in the preparation of the annual financial statements for the year ended 31.03.2018, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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.

#### **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

#### **AUDITORS**

M/s. B. K. Ramadhyani & Co., LLP were appointed as Statutory Auditors of the Company for the year 2017-18 by the Comptroller & Auditor General of India. Two firms of Chartered Accountants were also appointed as Branch Auditors for the other Units/Divisions of the Company.

Replies to the observations by the Statutory Auditors in their Report are given by way of an addendum to this Report.

#### **SECRETARIAL AUDIT REPORT**

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

#### **BOARD MEETINGS AND CHANGE IN DIRECTORS/KEY MANAGERIAL PERSONNEL**

During the financial year, Four Board meetings were held and the details are given in Corporate Governance Report.

As stated in the previous year Directors' Report, Shri. S. Girish Kumar, Managing Director of HMT (International) Limited was assigned the additional charge of the post of Chairman and Managing Director of HMT Limited with effect from 1st December, 2013. Further, vide Administrative Ministry's Order No. I-05/18/2015-PE.X dated 3rd April, 2017, Shri. S. Girish Kumar has been appointed as Chairman & Managing Director of the Company for a period of five years, who has assumed charge of the post on 21st April, 2017.

Except as stated above, there are no other changes to the composition of Board of Directors of the Company during the financial year.

Smt. Shashi B Srivastava, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Further, the Company has appointed Mr. Kishor Kumar S as Company Secretary of the Company with effect from 8th June, 2017 and designated as Compliance Officer. Shri. Bhaskara Gowdar, Assistant General Manager – Corporate Finance of the Company as the Chief Financial Officer (CFO) with effect from 29th August, 2017.

Shri. S Girish Kumar, Chairman and Managing Director, Smt. Shashi B Srivastava, Director Finance, Shri. Bhaskara Gowdar, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under the Section 2 (51) of the Companies Act, 2013 during the financial year.

Subsequent to the financial year, the Company has appointed Shri CA. Hitesh Goyal, Deputy Manager (Finance) as Chief Financial Officer of the Company with effect from July 1, 2018 in place of Shri. Bhaskara Gowdar.

#### **DECLARATION FROM INDEPENDENT DIRECTOR**

As per section 149(7) of the Companies Act, 2013, the Company has received declaration from Shri. Ravindra Singh, Independent Director of the Company.

#### **INTERNAL FINANCIAL CONTROLS**

With reference to financial statements, the Company has in place adequate internal financial controls. A detailed note with respect to Internal Financial controls is given in the Management Discussion and Analysis Report.