

# THE HUTTI GOLD MINES COMPANY LIMITED

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**Regd. Office:** 3rd Floor, KHB Shopping Complex, National Games Village,  
Koramangala, BANGALORE-560 047

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## BOARD OF DIRECTORS

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Chairman : **Sri K Amaranarayana, IAS** (From 21.10.2013 to 7.9.2013)  
: **Sri S V Ramachandra** (From 19.11.2010 to 14.5.2013)  
: **Sri Tushar Giri Nath, IAS** (From 7.9.2013)

Managing Director : **Sri A K Monnappa, IAS** (From 1.10.2011)

### DIRECTORS

**Sri Arvind Shrivastava, IAS**  
(From 13.6.2013)

**Sri H Bhaskar, IAS**  
(From 1.10.2013)

**Sri S Shankaranarayana, IAS**  
(From 1.10.2013)

**Sri Rajeev Chawla, IAS**  
(From 14.6.2013 to 1.10.2013)

**Sri Ajay Seth, IAS**  
(From 5.8.2008 to 13.6.2013)

**Sri H R Srinivasa, IAS**  
(From 1.12.2010 to 1.10.2013)

**Sri M MaheshwaraRao, IAS**  
(From 12.10.2012 to 14.6.2013)

**Sri S Dayashankar, IAS**  
(From 18.2.2009 to 14.6.2013)

**Sri K Shivram, IAS**  
(From 2.3.2012 to 14.6.2013)

**Sri P S Kantharaj, KAS**  
(From 1.10.2013 to 26.7.2014)

**Sri G A Adagatti, KAS**  
(From 14.6.2013 to 1.10.2013)

### AUDITORS:

M/s Subhaschandra P Kudari & Co.,  
Chartered Accountants  
No.15, 1st Floor, 1st Cross  
Nehru Nagar, Seshadripuram  
Bangalore-560 027

### BANKERS:

**State Bank of Hyderabad**  
Bangalore & Hutti

**State Bank of India**  
Raichur

**Canara Bank**  
Bangalore & Chitradurga

**Syndicate Bank**  
Bangalore & Hutti

**ING Vysya Bank**  
Bangalore

**Axis Bank Ltd**  
Bangalore

### COST AUDITORS

M/s KPR Associates,  
Flat # 201, Sharavathi Block  
A-1, National Games Village,  
Koramangala,  
Bangalore – 560 047

**Union Bank of India**  
Bangalore

# **THE HUTTI GOLD MINES COMPANY LIMITED**

(A Govt. of Karnataka Undertaking)

Regd. Office : No 3rd Floor, KHB Shopping Complex, NationalGamesVillage, Koramangala, BANGALORE-560 047  
Phone: 25705723/25705724/25705725/ Fax: 25718365 Email :hgml@vsnl.com

## **NOTICE**

**NOTICE** is hereby given that the **Sixty Eighth Annual General Meeting** of the Members of The Hutti Gold Mines Company Limited will be held on **Saturday, the 20th September, 2014 at 12:00 Noon**, at the Registered Office of the Company, namely, 3rd Floor, KHB Shopping Complex, National Games Village, Koramangala, Bangalore-560 047, to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, and the Profit & Loss Account for the year ended on 31st March 2014, together with the Report of the Board of Directors and Statutory Auditors and the Comments of the Comptroller & Auditor General of India.
2. To declare a dividend to the Equity Shareholders.
3. To fix the remuneration of the Auditors of the Company.

**Bangalore**

**Dated: 28-8-2014**

**By Order of the Board**

**Sd/-**

**(A.K. Monnappa)**

**Managing Director**

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### **Notes:**

1. A Member entitled to vote, is entitled to appoint a proxy to attend and on a poll, to vote, instead of himself on a poll. Any person so appointed need not be a member of the Company. A proxy, in order to be effective, must lodge the instrument with the Company at the Registered Office not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September, 2014 to 20th September, 2014 (both days inclusive)
3. Dividend, if declared, will be paid to those members whose names appear on the Register of Members as on 20th September, 2014.

# THE HUTTI GOLD MINES COMPANY LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have immense pleasure in presenting the 68th Annual Report together with the Audited Statements of Accounts of the Company for the year ended 31st March 2014.

### CORPORATE VISION & MISSION:

- **Corporate vision** - to become one of the most vibrant, self-reliant mining giant.
- **Corporate mission** - to improve productivity and profitability and ensure steady growth & development to provide long term stability; provide safe & healthy mining environment; promote harmonious and cordial industrial relationship to promote Human Resource Development; promote welfare and community development in and around Hutti; introduction of modern and effective management control systems.

### PRODUCTION AND OPERATING RESULTS:

Sl. No.	Particulars	FY 2013-14		FY 2012-13	
		Budgeted	Actuals	Budgeted	Actuals
1.	<b>Ore milled/treated (in MTs)</b>				
	Hutti Mine	528000	486729	535700	486539
	Uti Mine	66000	55124	89900	90614
	Heera Buddini Mine	33000	25513	44100	21937
	Total	627000	567366	669700	599090
2.	<b>Gold produced (in gms)</b>	2069490	1556455	2367844	1582001
3.	<b>Wind Energy generated (kwh)</b>	31500000	30477528	31500000	29990698
4.	<b>Turnover (Rs. in lakhs)</b>				
	Sale of gold and silver (Net of Excise duty)	55876.23	39329.04	57366.94	50485.88
	Wind energy	1071.00	1036.24	1071.00	1019.68
	Total	56947.23	40365.34	58437.94	51505.58

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5.	<b>Profitability (Rs. in lakhs)</b>				
	Profit before int. depreciation and tax	27270.20	16043.38	30342.70	27189.69
	Net profit for the year	11211.42	8961.06	19081.10	16949.66

It may be noted from the above that;

- 1) The quantity of ore milled/treated was 567366 MTs as against 599090 MTs in FY 2012-13, a decrease of 5.30%
- 2) The quantity of gold produced was 1556456 gms as against 1582000 gms, in FY 2012-13, a decrease of 1.61%. Recovery grade in ore is 2.74 gms/MT as against 2.64 gms/MT in 2012-13.
- 3) The value of production of gold and silver was Rs. 42863 lakhs as against Rs. 52400 lakhs in FY 2012-13, a decrease of 18.20%.
- 4) The quantity of gold sold during the year was 1449 kgs compared to 1737 kgs in the previous year, a decrease of 16.5%. This was mainly due to lower market prices compared to previous year.
- 5) The turnover/value of sale of Gold & Silver aggregated to Rs.39329 lakhs as against Rs.50486 lakhs in FY 2012-13, a decrease of 22.10%. The average realisation per gm. of gold was Rs.2709 as against Rs.2901 in previous year.
- 6) The wind energy generated and sold was 30477528 kwh as against 29990698 kwh in FY 2012-13, an increase of 1.62%. The turnover on sale of wind energy was Rs. 1036.24 lakhs as against Rs. 1019.68 lakhs in FY 2012-13. The rate per kwh was Rs.3.40 as in the last year.
- 7) The Earnings Before Interest, Depreciation & Tax (EBIDT) amounted to Rs.16043 lakhs as against Rs. 27190 lakhs in FY 2012-13, a decrease of 41.00%.
- 8) The net profit for the year was Rs.8961 lakhs as against Rs. 16950 lakhs in FY 2012-13, a decrease of 47.13%.

## THE HUTTI GOLD MINES COMPANY LIMITED

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- 9) The main reasons for reduction in profit compared to previous year are:
- a) Fall in average gold prices by Rs.192/gm and by value-wise it works out to Rs.27.83 cr., which has directly affected the profitability.
  - b) The quantity of gold sold being less than the previous year by 288 kgs, the effect on profitability will be Rs.34.21 cr. for the year
  - c) Despite marginal fall in gold production, the cost of manufacture particularly the cost of materials consumed, and employee benefit costs have gone up by Rs.17.37 cr. during the year, affecting the profitability.
  - d) The total impact of (a) to (c) above was Rs.79.41 cr on the profitability, otherwise the profit would have been almost the same as in the last year.

### **Dividend:**

Your Board of Directors have recommended a dividend at the rate of 100 per cent on paid up equity capital, amounting to Rs.296.20 lakhs, subject to approval of the members at the Annual General Meeting.

### **Unclaimed Dividend:**

As per the Companies Act, 1956, dividends lying unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund. As on 31st March 2014, Unclaimed Dividend amounting to Rs.8.46 Lakhs has not been claimed and the same will be remitted to the Central Government on the respective due dates.

### **Networth:**

Net worth of your Company as at 31st March 2014 is Rs.102762 lakhs as against Rs.94147 lakhs in the previous year. Out of the net profit for the year of Rs.8961.06 lakhs, the amount appropriated towards proposed dividend and to general reserve was Rs.296.20 lakhs and Rs.1450 lakhs respectively. The earning per share was Rs.3025 compared to Rs.5726 in the previous year.

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## Financial Position:

The table below summarizes the financial position of your Company for the last two years.

(Rs. In Lakhs)

Particulars	FY 2013-14	FY 2012-13
Paid up equity capital	296.20	296.20
Reserves and Surplus	102465.76	93851.23
Non-Current Liabilities and Provisions	4404.01	4649.50
Deferred Tax Liability (net)	2844.58	1844.79
Current Liabilities and Provisions	8072.31	6659.71
<b>Total</b>	<b>118082.86</b>	<b>107301.43</b>
Net Fixed Assets	23982.30	21969.45
Other Non-Current Assets	952.36	912.40
Current Assets, Loans and Advances	93148.20	84419.58
<b>Total</b>	<b>118082.86</b>	<b>107301.43</b>

## Fixed Deposits:

Your Company has not accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

## FUTURE OUTLOOK:

The robust India Gold Consumption over the years was an important pillar supporting significantly higher prices for gold in the world market. But since mid-2013, the remedial measures such as imposition of gold import tax @ 10% and introduction of 80:20 rule where importers were obligated to re-export 20% of gold brought into the country, introduced by GOI to contain Current Account Deficit (CAD) has affected the gold prices. The average price of gold which was in the order of Rs.3300/gm has been now ruling around Rs.2800/gm post Government's policies on gold imports. The expectations that the New Government will ease the import restrictions are now heavily weighing on India's appetite for imports and also the world market gold prices. Consequently, India which was the highest importer of Gold globally in 2012, is now reduced to second position next to China. The production of gold in India was just ½ a percent of the annual gold production of about 2700 MTs globally. HGML is the only India's largest primary producers of gold. It is expected that with lower inflation rate coupled with higher GDP growth over a period of time, there will be much more appetite for Indian gold demand.

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## **NEW PROJECTS :**

### **I) Under implementation:**

- a) Construction of New Circular Shaft:

The New Circular Shaft at Hutti is being constructed through a consortium of agencies on Turnkey basis. During 2013-14, 33m of shaft sinking and 28 m of shaft lining has been achieved by the consortium/agency. The consortium has received High speed Shaft Sinking equipment's at site and erection work for the same is under progress.

### **II) Other projects proposed:**

- a) Mine Construction & Exploratory Mine Development at South Hutti and Main Reef at Hutti Mines to establish additional ore reserves.
- b) Construction of Two Numbers of Return Air Shaft for Ventilation of Underground workings of Hutti.
- c) 50 TPH Ball Mill at Hutti – to treat more ore alongwith New Circular shaft.
- d) 14 MW solar photo voltaic plant at Hutti for captive consumption of power.
- e) Horizontal development of 7th, 10th 15th and 18th level for Main Reef Reclamation.
- f) Impervious layer for proposed new tailing dump – to avoid percolation of any minerals to ground water.
- g) Surface diamond drilling at ML/PL areas – to establish additional ore reserves.
- h) Underground diamond drilling – to identify blind ore shoots and parallel reefs.
- i) 150 TPH crusher with feeder and bin – for additional ore milling.
- j) 80 Nos. of labour quarters for employees.
- k) Upgradation of Kendriya Vidyalaya to improve education facilities.
- l) Perimeter wall/fencing to avoid trespassing.

## **MINING OPERATIONS:**

### **Hutti Gold Mines**

#### **i) Production:**

- (a) Production was completed in two stopes i.e. MR 20-18 GE51 'B' Block and MR 19-17 EE46-48 stope block.

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(b) Four new LDBH stopes, SR 17-15 IE37 (RP-5), SR 11-8 HE33-34 'A' block, OR 20-19 BE41 (3P), VR 8-6 FE32-33 and have been put into production. At present 10 sub-level/LDBH stopes are operating at Hutti.

(c) 10 numbers of stopes are under preparation for stoping.

### ii) Ventilation:

Preliminary report is submitted by Prof. D.C. Panigrahi, Indian School of Mines, Dhanbad in connection with "Field Investigation and Ventilation Planning" for Hutti Gold Mine. Proposal for construction of two numbers of Return Air Shaft for improvement of ventilation at Hutti will be taken up at the cost of Rs.9.80 cr. and also have proposed construction of ventilation cross cuts at different levels in underground at Hutti.

### iii) Rock Mechanics:

Instrumentation, Monitoring and Data Interpretation of the production stopes are carried out departmentally. Proposal for R & D Study in Rock Mechanics by a scientific agency is being undertaken. The objective of the study is design of Optimum Stopping Parameters for Second Phase of Mining at Hutti.

### iv) Sand Stowing:

(a) A total quantity of 92,860 MT sand stowing has been done in 2013-14.

(b) Filling of ZI 18-17L CE29-30 tope is completed.

(c) Filling of OR 18-17L DE45-48 is completed.

(d) Filling of SRF 13 Inter-10L JE 34 and MR 16-14 GE 49-50 stopes is under progress.

(e) OR 19-16L AE39 stope has been prepared for stowing.

(f) Preparation is under progress for filling of MR 20-18 S/L GE51 ('B' Block) stope.

### v) Underground Electricity Supply:

Drilling of 8" diameter boreholes from surface to 20th level is under progress. Purpose of these boreholes is distribution of electrical power from surface to underground.

### Uti Gold Mine:

#### 1) Underground (Lode No.3)

One stope block is prepared between 1st and 3rd level and production drilling is in progress. Meanwhile application has been submitted to the Director General of Mines Safety for commencement of stoping operation.



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### 2) Underground (Load No.4)

Deepening of MECL South Shaft and underground mine development is in progress by an external agency.

#### **Heera Buddini Gold Mine:**

Stoping of S-3 sub level stope block between 1st level and 3rd level has been completed. At present S-4 block is under production, long-hole drilling and haulage development is underway at S-5 block. The construction of new Service Shaft will be taken up shortly.

### **EXPLORATION ACTIVITIES**

Exploration Department carries out systematic exploration by geological mapping, trenching, diamond drilling (surface & underground), geochemical/geophysical survey/evaluation of the exploration data by using the state-of-art computer technology of generate a database for the mining feasibility studies/eventual mining in RP/PL/ML areas.

Geological works:

<b>Mine</b>	<b>Underground Geological Mapping (in mtrs)</b>	<b>Sample collected (in nos.)</b>
Hutti Gold Mine	1892.00	11787
Uti Gold Mine	600.40	1885
Hira-Buddinni Gold Mine	331.10	1484
<b>Total</b>	<b>2823.50</b>	<b>15156</b>

Diamond Drilling (in mtrs)

	Total
1) Hutti Gold Mine Underground Diamond Drilling	920.50
2) Hutti Gold Mine Surface Diamond Drilling	2821.80
3) Hira Buddini Gold Mine Surface Diamond Drilling	2323.80

#### **Mining Plans (including PMCP), DGPS Survey & Environmental Clearance:**

The Mining Plans (including PMCP) of Hutti, Wandali, Mangalur, Ajjanahalli Gold Mines was approved by the IBM. The DGPS work is completed and submitted to DMG.

Ingaldhal Copper Mine (Central Block) Mining Plan (including PMCP) was approved by the IBM, Bangalore. The DGPS work is completed and submitted to DMG, Bangalore. The baseline data is collected from the core

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and buffer zone for EIA & EMP studies. Document is prepared and submitted to SEAC, MoEF for TOR. EIZ and EMP work is in progress.

Ingaldhal Copper Mine (North Block) Mining Plan was submitted to IBM and IBM officials inspected the area. The baseline data is collected from the core and buffer zone for EIA & EMP studies. Document is prepared and submitted to SEAC, MoEF for TOR. EIA and EMP work is in progress. The DGPS data is submitted to NRSA, Hyderabad for obtaining the satellite data.

### **Renewal of Mining Leases (ML):**

For the renewal of the Uti, Wondalli & Mangalur Gold ML, Ingaldhal Copper Mine (Central & North) the required NOCs, Mining plan, village maps and RTCs etc are submitted to DMG, Bangalore. Approval of the Govt. is awaited.

### **PL Clearance:**

Detailed exploration by geological Mapping, Trenching, Geophysical, Geochemical Survey, Diamond Drilling followed by Exploratory Mining to be carried out after obtaining PL of 7 blocks in Chitradurga, Tumkur, Haveri & Davanagere Dists. The PL Files are processed in the various stages and forwarded to Ministry of Mines (MoM), GoI, from GoK and approvals awaited. With regard to 14 PL blocks of HGML in Hutti-Maski schist belt, the case is in Supreme Court (HGML Vs Geomysore).

### **CHITRADURGA GOLD UNIT**

The Government had leased 38 hec. of land to the Company for mining operations at Ajjanahalli, Tumkur Dist. The Company started its mining operations in 1995, but the same was stopped in 2002 as the operations are not viable due to uneconomical and un-oxidised grade of gold in this area. However, it is proposed to revive the operations, if found viable after processing the existing stock of 264000 MTs of ore lying in the area, at the process plant at Ingaldhal, Chitradurga Dist. We have requested the Govt. for its approval in this regard and the same is awaited.

### **Wind Mill Operations:**

Our Company has installed 11.4 MW Wind farm project at Ingaldhal, Chitradurga Dist., and it has generated 30477528 units of wind energy and has earned revenue of Rs.10.36 Crores for the Year 2013-14.

### **ENVIRONMENT MANAGEMENT PRACTICES:**

The The Hutti Gold Mines Company Limited (HGML) as a corporate enterprise is environmentally conscious and committed to achieve its business goals through sustainable development / growth. HGML recognizes its responsibility to continuously improve its energy efficiency and optimize resource consumption through various measures viz. improvement in process technology in the areas of raw materials, reuse/re-cycle of the by-products generated.

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The Environment Section has taken adequate measures by adopting suitable monitoring measures along with adaptation of suitable technology to abatement of pollution which are likely to cause at various stages in the mining activities.

## **Environment Management Policies:**

- Compliance with all statutory requirements.
- A continually improving environmental, social and economical excellence with safer working environment.
- Openness, transparency and improved accountability through environmental performance by engaging with the community.

## **Green technologies:**

### **a) Cleaner technology:**

Zero Discharge of processed water by adopting the cleaner technology has been possible by adopting the “3R” principle (Reduce, Recovery and Recycle).

Cleaner technology is being practiced in the process by complete detoxification of the process waste by adopting recovery system which reduce the chemical consumption and complete recycling of the water to form a zero discharge there by significantly reducing the amount of hazardous substance (Cyanide) escaping to the environment recover utilization by recirculation of the process water, which play a significant role in achieving the Environment standards.

### **b) Steps for reuse/recycle of waste:**

HGML has adopted various eco-friendly techniques for reusing and recycling.

Recycling of the process water completely by ensuring zero discharge to environment.

Reusing of the treated water from the Oxidation Pond for gardening & Afforestation activities.

Reclaiming of the cyanide used in the process and reused back in the process, thereby reducing the cyanide consumption.

Activated carbon in the recovery of gold by the surface absorption process, the loaded activated carbon is stripped and reused, thereby reducing the raw material consumption.

The organic waste segregated from the community solid waste is being composed and used as manure for plants.

Solar heater has been installed at Canteen to generate steam, which is used for cooking purpose.

Solar water heater is incorporated in the Guest House to supply hot water for bathing.

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Solar emergency lighting system has provided at free of cost on replacement basis to all the officers houses (150 houses) to encourage the renewable and sustainable use of energy.

### c) **Water & waste water management:**

Treated drinking water is supplied to the colony and to the nearby villages such as Gurgunta, Kota and Hutti Village.

Periodic monitoring of the quantity of the ground water in and around the plant and dump site is being carried out.

The waste water generated in the colony completely collected through sewers, treated and re-used for gardening and afforested areas.

The up gradation of the existing system to Activated sludge process as a combined Sewage Treatment Plant, to treat the Sewage generated from the colony, garage wash water & disinfected liquid waste from Hospital is under process.

### d) **Tailing dump management:**

Formation of tailing dump: The tailings in the form of slurry if pumped to the earmarked site for impounding where it is allowed to dry under sun and consolidate to reduce the impact of leaching and water run-off. The decanted water is made to store in the catchments ponds/storage sump which pumped back to plant and reused in the process.

As per Ministry of environment and Forest (MOEF) KSPCB/IBM/DDMS Guidelines, tailing dumps are being managed with all necessary safety and environmental concerned has been carried out on and around the dump plantation. Efforts are being made for vegetation of slope of the dump at one side.

### e) **Solid waste management:**

- The complete management of industrial and community waste as per the statutory norms. Community waste in the colony is being collected by door to door collection.
- Segregation has been given the top priority.
- Two Acres of land is being used for handling the waste where the solids are scientifically disposed as per the Solid Waste (Management & handling) Rules.
- The Process of establishment of Organic waste/food waste based 5 TPD Bio-Gas Plant.

### f) **Hospital Solid waste Management:**

The Bio-Medical Waste generated in the Hospital – 110 beds is to be handled. The solid waste generated is segregated at the source using colour coded bins as per the norms of Bio-Medical Waste Management &

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Handling Rules, is being transported to the Common Bio-Medical Waste Management handling and disposal site, where the solid waste is handled as per the Bio-Medical Waste Management & handling Rules.

**g) Establishment of Afforestation – Biofuel species:**

Accomplished the activity of Nursery in association with Karnataka State Forest Department, Raichur.

Nursery has been established by raising 20,000 bio fuel species, Hong- 15,000, Simeruba 2000 & Neem- 3000.

Establishment of block plantation in an area of 60 Ha is under process. The Plantation is carried out at different locations as block plantation.

**h) Kitchen waste based Bio-gas generation unit:**

5 TPD Food waste based Bio-gas at Hutti Gold Mine at a cost of Rs.85 Lakhs is commissioned in March, 2014. 1230 M3 of biogas was generated out of 19410 kgs of food waste in the month of March, 2014 itself.

**i) Biofuel Park:**

The HGML has leased out 42 Acres of Company's land at Thinthini Copper Project Yadgiri Dist., for 30 years by tripartite agreement between The Hutti Gold Mines Company Limited, Karnataka State Biofuel Development Board (KSBDB) Bangalore and University of Agricultural Sciences, (UAS) Raichur for establishment of Biofuel Park and the same is in progress.

**j) Awareness Programme:**

Awareness programme are being conducted for all the Hospital Staff/Doctors/ Workers/ Nursing students regarding Hospital Solid waste Management (Handling, Safety, Collection, Segregation, Storage, Transportation and Disposal & treatment) the same is being followed as per the Bio-Medical Waste (Management & Handling) Rules.

**k) AWARDS TO HGML**

The following awards have been received by Indian Bureau of Mines:

**Hutti Gold Mine:**

ENERGY CONSERVATION – Special prize for best efforts in energy conservation.

AESTHETIC BEAUTY – First Prize

INSTALLATION OF BENEFICIATION PLANT – First Prize.

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## **Uti Gold Mine:**

COMMUNITY DEVELOPMENT – First Prize

INSTALLATION OF BENEFICIATION PLANT – First Prize.

PUBLICITY & PROPAGANDA – Second Prize.

## **Hire Buddinni Gold Mine:**

PUBLICITY & PROPAGANDA - First Prize.

## **HUMAN RESOURCE DEVELOPMENT**

### **Training:**

During the year 2013-14, 8 employees and 71 officers attended the residential programme. 190 officers and 134 employees attended In-house training and non-residential training / workshop / seminars conducted by various outside organizations.

We are also providing opportunity to the students to get training in various discipline/institutions like project work, block placement, field work and apprenticeship training etc.

### **Manpower:**

The total manpower as on 31.03.2014 is 4308. The break-up of employees on 31.03.2014 is given below:-

<b>Particulars</b>	<b>Total</b>	<b>SC</b>	<b>Percent</b>	<b>ST</b>	<b>Percent</b>
Officers	187	33	18	12	6
Ministerial	246	58	24	13	5
Supervisory	605	151	25	38	6
Others	3270	840	26	471	14
<b>Total</b>	<b>4308</b>	<b>1082</b>	<b>93</b>	<b>534</b>	<b>12</b>

### **Annual Welfare Report:**

The Hutti Gold Mines Company Limited, a Public Sector Undertaking, is governed by the Mines Act, 1952 and Mines Rules, 1955. As a model employer the Company is looking after all the aspects of its employees like Health and Hygienic Safety and Welfare besides providing standard ventilation, Lighting, Cool and safe drinking water facilities at all work places.

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## **Kalyana Mantapa:**

The Company has constructed full-fledged Kalyana Mantapa for the benefits of its employees and their dependants. During the year we have provided Swarna Bhavan Kalyana Mantapa for different occasions like marriage ceremony, social and religious functions on nominal charges.

## **HGM Institute:**

We have well Multi-Gymnastic for youths and organized out-door and in-door/games/sports to our employees and their children. The HGM Institute had maintained Library and daily newspapers of all languages and local papers are provided to know the day today activities and also to gain general knowledge.

## **Health Care:**

The Hutti Gold Mines Hospital is a full-fledged with 120 bedded Hospital catering to the needs of all the employees and their dependants. The hospital also treats patients from neighbouring villages at nominal charges. There are 14 doctors including few specialists assisted by 157 staff members which includes staff nurses, para medical workers and other staff workers. The daily outpatients range between 850 and 900. During the year under report, about 2,36,966 out patients and 26,792 in patients were treated in this hospital. During this period about 394 major operations and about 1368 minor operations were conducted at hospital.

## **Housing & Estate:**

The Company had provided housing facilities to its Officers & Employees on grade & seniority basis. We have housing Committee comprising of representative of Management and Union. The quarters are provided with all basic civic amenities i.e. drinking water, power supply, playgrounds, community center and also maintained parks and playgrounds. The electrical facilities provided to the residence on subsidized rates. The total No.of quarter as on today is 2574. As part of entertainment we have provided free cable channels to all the employees who are staying in Company's quarters & who don't have quarters.

## **Educational Institutions:**

There are 33 Educational Institutions in Hutti Camp and village offering education at Primary, Secondary and Collegiate level to about 10500 students. The Company is extending many facilities to these Institutions under its CSR Policy.

## **Maintaining Cordial Industrial Relation with the Union.**

The Company is maintaining cordial industrial relations with the union. The grievances related to workers and working conditions are being settled amicably through discussions/negotiations.

## **RIGHT TO INFORMATION ACT (RTI):**

As a Government Undertaking, your company has taken necessary action to comply with provisions of Right to Information Act (RTI) 2005. During the year under report, your company received 534 applications and 506 applications have been disposed off & 28 were pending as on 31/03/2014.

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### BOARD OF DIRECTORS:

Directors (including Chairman) of your Company are appointed by the Government of Karnataka, as per provisions contained in Articles of Association of your Company. As on 31st March, 2014, six Directors (including Managing Director and the Chairman), appointed by the Government of Karnataka, were on the Board.

The following changes in the Board of Directors have taken place since the last report:

Sl. No.	Name	Date of Appointment	Date of Cessation	Nature of appointment
1)	Sri Tushar Giri Nath, IAS	07.09.2013	-	Chairman
2)	Sri K Amaranarayana, IAS	21.10.2013	07.09.2013	Chairman
3)	Sri S V Ramachandra	19.11.2010	14.05.2013	Chairman
4)	Sri K Amaranarayana, IAS	22.12.2012	07.09.2013	Director
5)	Sri Arvind Shrivastava, IAS	13.06.2013	-	Director
6)	Sri Ajay Seth, IAS	05.08.2008	13.06.2013	Director
7)	Sri H Bhaskar, IAS	01.10.2013	-	Director
8)	Sri Rajeev Chawla, IAS	14.06.2013	01.10.2013	Director
9)	Sri K Shivram, IAS,	02.03.2012	14.06.2013	Director
10)	Sri S Shankaranarayana, IAS	01.10.2013	-	Director
11)	Sri H R Srinivasa, IAS	01.12.2010	01.10.2013	Director
12)	Sri M. Maheshwara Rao, IAS	12.10.2012	14.06.2013	Director
13)	Sri S Dayashankar, IAS	18.02.2009	14.06.2013	Director
14)	Sri K Srinivas, KAS	26.07.2014	-	Director
15)	Sri P S Kantharaj, KAS	01.10.2013	26.07.2014	Director
16)	Sri G A Adagatti, KAS	14.06.2013	01.10.2013	Director



# THE HUTTI GOLD MINES COMPANY LIMITED

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## **STATUTORY AUDITORS:**

Your Company being a Government Company, the Statutory Auditors to audit the accounts of the Company are appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act 1956. Accordingly, M/s Subhaschandra P Kudari & Co., Bangalore has been appointed as the Statutory Auditors for the FY 2013-14.

## **RESPONSIBILITIES:**

The day-to-day affairs of the Company are vested with the Board of Directors. The Managing Director is the Chief Executive Officer (CEO) of the Company, who is assisted by other Senior Officers in managing the day-to-day affairs. All the major policy decisions are taken with the approval of the Board. Your Board of Directors are required to comply with the directives and other instructions issued by Government of Karnataka and Shareholders from time to time. Your Board of Directors represent the interests of the Company, the Government of Karnataka and the Shareholders in optimizing long term value by formulating policies, plans, long term strategies, guidance, advice and timely implementation of plans. The composition of Board is a mixture of management, administration, financial and technical expertise. Actions taken on the decisions of the Board are periodically reviewed by the Board.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to sub-section 2AA of Section 217 of the Companies Act, 1956, your Directors state that:

- i) In the preparation of annual accounts for the year ending 31st March, 2014, the applicable accounting standards have been followed by the Company.
- ii) The Directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended that date.
- iii) The Directors have 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) The accounts of the Company have been prepared on a going concern basis.
- v) There has been no buy back of shares or securities during the year under report.

## **THE HUTTI GOLD MINES COMPANY LIMITED**

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### **ACKNOWLEDGEMENT:**

Your Directors are grateful to the Government of India (including Ministries of Mines, Environment and Labour), Government of Karnataka, Karnataka State Pollution Control Board, Director General of Mines Safety, Comptroller and Auditor General of India, Statutory Auditors, Internal Auditors, Legal Advisors, Consultants, Bankers, Insurers, Shareholders, customers, suppliers and all others associated with the Company for their continued valuable guidance, advice, co-operation and timely support. Your Directors also wish to place on record their appreciation for the un-stinted co-operation and support extended by all the employees and officers in achieving the performance of your Company during the year.

**For and on behalf of the Board**

**Bangalore**

**Date:**

**Sd/-**

**(Tushar Giri Nath)**

**CHAIRMAN**

# THE HUTTI GOLD MINES COMPANY LIMITED

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**VIJAYAKRISHNA K.T.**

BBM, LLB, FCS, AICWA

**Company Secretary**

# 496/4, II Floor, 10th Cross

Near Bashyam Circle, Sadashivnagar,

Bangalore -560 080. INDIA.

Tel : +91 80-23610847,

Telefax : +91 80-41231106

E-mail : vijaykt@vjkt.in

ktvijayakrishna@gmail.com

## SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company {CIN}: **U85110KA1947SGC001321**

Nominal Capital: **Rs. 20,00,00,000/-**

Paid up Capital: **Rs. 2,96,20,371/-**

To

The Members

The Hutti Gold Mines Company Limited

3rd Floor, KHB Shopping Complex

National Games Village, Koramangala

Bangalore – 560 025

I have examined the registers, records, books and papers of The Hutti Gold Mines Company Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Companies Act, 2013 to the extent applicable, 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 the 31st March, 2014. In my opinion and to the best of my information and according to 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 provisions 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 (beyond the time prescribed with additional fee).
3. The Company being a Public Limited Company, has the minimum prescribed paid-up capital as per the provisions of Companies Act, 1956 and the provisions of the Act do not prescribe maximum number of members for such a Public Limited Company. The Company is a 'Government Company' within the meaning of Section 617 of the Act.

## THE HUTTI GOLD MINES COMPANY LIMITED

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4. The Board of Directors duly met 5 (five) times from 01.04.2013 to 31.03.2014 on the following dates: 26.06.2013, 08.08.2013, 28.09.2013, 19.12.2013, and 06.02.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Annual General Meeting for the financial year ended on 31.03.2013 was held on 28.09.2013 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.
6. No Extra Ordinary General Meeting was held during the financial year.
7. As per information and explanations provided to us, the Company has not given any loan to Directors and therefore, Section 295 of the Companies Act, 1956/Section 185 of the Companies Act, 2013 was not applicable for the Company.
8. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
9. The Company was not required to make entries in the register maintained under Section 301 of the Act.
10. As there was no instance 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.
11. The Company has not issued any duplicate Share Certificates during the financial year.
12. The Company:
  - (i) has transferred securities during the financial year;
  - (ii) has declared dividend during the financial year;
  - (iii) has paid the dividend for the financial year ended 31st March, 2013 and that all unclaimed/unpaid dividends have been transferred to unpaid dividend account of the Company as per the Act;
  - (iv) has transferred the required funds to the Investor Education and Protection Fund during the year;
  - (v) has duly complied with the requirement of Section 217 of the Act.
13. There were changes in the composition of the Board during the year and requisite returns were filed with Registrar of Companies.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed Managing Director during the financial year.
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 and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interests 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 Equity Shares, Debentures or other Securities during the financial year.

## THE HUTTI GOLD MINES COMPANY LIMITED

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20. The Company has not issued any Preference Shares during the financial year.
21. The Company has not bought back any Shares during the financial year.
22. There was no redemption of Preference Shares or Debentures during the financial year.
23. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
24. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
25. The Company's borrowings during the financial year ended 31.03.2014 were in compliance with the Act.
26. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
30. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
31. The Company has not altered its Articles of Association during the financial year.
32. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
33. The Company has not received any money as security from its employees during the financial year.
34. The Company has deposited both the Employee and Employers contribution to the Government PF account and therefore Section 418 of the Act, is not applicable.

Place : Bangalore  
Date : 08.08.2014

Sd/-  
**VIJAYAKRISHNA KT**

# THE HUTTI GOLD MINES COMPANY LIMITED

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## ANNEXURE-A

1. Register of Allotment
2. Register of Directors
3. Register of Members
4. Register of Disclosures of Interests
5. Register of Transfers
6. Register of Directors Shareholding
7. Register of Charges
8. Register of Contracts
9. Minutes of the Meetings of the Board and Shareholders

## ANNEXURE-B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2014:

Sl.	Form No./ Return	Filed under Section	For	Date of Filing	Whether filed within the Prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 20B	159	Annual Return	22.11.2013	Yes	No
2.	Form 23AC and 23ACA - XBRL	220	Annual Accounts	22.10.2013	Yes	No
3.	Form 32	303(2)	Change in Directors	06.07.2013	No	Yes
4.	Form 32	303(2)	Change in Directors	09.07.2013	Yes	No
5.	Form 32	303(2)	Change in Directors	24.09.2013	Yes	No

## THE HUTTI GOLD MINES COMPANY LIMITED

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6.	Form 32	303(2)	Change in Directors	24.09.2013	Yes	No
7.	Form 23C	233B (2)	Application to the Central Government for appointment of cost Auditor	28.06.2013	Yes	No
8	Form 66	383A	Secretarial Compliance certificate	19.10.2013	Yes	No
9	FORM I- XBRL	233B(4), 600(3)(b)	Cost Audit Report	03.02.2014	Yes	No
10	Form 32	303(2)	Change in Directors	19.10.2013	Yes	No
11	Form 32	303(2)	Change in Directors	29.11.2013	No	Yes

# THE HUTTI GOLD MINES COMPANY LIMITED

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**SUBHASCHANDRA P.KUDARI & CO.**  
Chartered Accountants

# 15, 1st Floor, I cross, Nehrunagar,  
Seshadripuram, Bangalore– 560 020  
Telephone: 080-23564975/23564976

## **INDEPENDENT AUDITORS' REPORT (REVISED)**

### **TO THE MEMBERS OF THE HUTTI GOLD MINES COMPANY LIMITED**

On completion of Audit of Accounts of “The Hutti Gold Mines Company Limited”, for the year ended 31st March 2014, we have rendered our audit report on 5th August 2014. Subsequent to our report, in the light Of the observations arising from the audit by the Comptroller and Audit General of India, the said report has been revised to make further disclosure as indicated in para (a),(c) and (e) of the section Emphasis of Matter of this report. This supersedes our earlier Report.

#### **Report on the financial statements**

We have audited the accompanying financial statements of The Hutti Gold Mines Company Limited (“the Company”), which comprise the balance sheet as at 31 March 2014, and the statement of profit and loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# THE HUTTI GOLD MINES COMPANY LIMITED

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## **Basis for Qualified Opinion:**

Attention is drawn to the following:

- a. Point No.II, 3 of Note 28 with regard to pending approval from Government of Karnataka for Exgratia provision for 2008-09,2009-10,2010-11, 2012-13,2013-14 totaling to Rs.1,235.54 lakhs and provision of Rs.451.62 lakhs for the year 2011-12 towards production linked incentive.

The above mentioned provisions for exgratia & production linked incentive is pending for approval from Government of Karnataka. However, approval has not been received in this regard from concerned authorities.

In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation.

- b. Point No.II, 15 of Note 28 with regard to Confirmation of Balances.

In this regard, Letters seeking confirmation of balances as on 31.03.2014 in respect of all Sundry Creditors, loans and advances, deposits have been sent and requested them to send the confirmation of balances as on 31.03.2014 to the statutory auditors directly.

We have received very few confirmations of Balances in respect of Sundry Creditors, loans and advances and deposits and are subject to confirmation and reconciliation if any.

In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation.

## **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## **Emphasis of Matter**

We draw attention to point no. II, 19 of Note 28 to the financial statements which describe the uncertainty related to the outcome of the lawsuit filed against the Company by various farmers. Our opinion is not qualified in respect of this matter.

## **Report on other legal and regulatory requirements**

- 1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

## THE HUTTI GOLD MINES COMPANY LIMITED

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- (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;
- (c) the balance sheet and statement of profit and loss dealt with by this report are in agreement with the books of account;
- (d) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the balance sheet and statement of profit and loss, and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- (e) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Subhaschandra P Kudari & Co**

Chartered Accountants  
Firm Regn.No.004094S

Sd/-

**S.P Kudari**

Proprietor  
Membership No.: 020513

Place: Bangalore  
Date: September 1, 2014

# **THE HUTTI GOLD MINES COMPANY LIMITED**

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## **THE HUTTI GOLD MINES COMPANY LIMITED**

### **ANNEXURE TO INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 UNDER HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS”**

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of available information;
  - b) The management has certified that the fixed assets have been physically verified during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. We are informed that no material discrepancies were noticed on such verification as compared with the records of fixed assets;
  - c) In our opinion, the company has not disposed off a substantial part its fixed assets during the year and the going concern status of the company is not affected;
2. In respect of inventories:
  - a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable and commensurate with the size of the Company.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and is adequate in relation to the size of the Company and nature of its business.
  - c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3.
  - a. The company has not granted /availed any loans to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - b. Since the Company has neither granted nor taken loans, clauses relating to interest, terms and conditions of the loans, repayment and overdue of Principal more than Rs.1 lakh does not apply.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, stores & spares, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. In respect of transactions covered under section 301 of the Companies Act, 1956:
  - a) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements, which needed to be entered into in the register, maintained under section 301 of the Companies Act, 1956 have so been entered;
  - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the

## THE HUTTI GOLD MINES COMPANY LIMITED

Companies Act, 1956 aggregating during the year to Rs. 500,000/- (Rupees Five Lacs Only) or more in respect of any party.

6. The company has not accepted any deposits from the public and hence provisions of Section 58A and 58AA of the Companies Act, 1956 is not applicable.
7. In our opinion and according to the information and explanations given to us, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
8. We have reviewed the cost records maintained by the Company pursuant section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues, according to the information and explanations given to us:
  - a) The Company is regular in depositing undisputed statutory dues including PF, ESI, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and other statutory dues. According to the records of the Company and as per the information and explanations given to us, the Company does not have any undisputed statutory dues including Provident Fund, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues which are outstanding for a period in excess of six months as on March 31, 2014, subject to attention being drawn on Note No.II, 2(ii) and Point No.20 of Note 28 of Notes to Accounts.
  - b) According to the information and explanations given to us and as per the records examined by us, there were no disputed amounts due except herein referred in respect of Income Tax, Customs Duty, Wealth Tax, Cess and Sales Tax as on March 31, 2014.

Sl. No.	NAME OF THE STATUES	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT (Rs. in Lakhs)	REMARKS
1	2	3	4	5	6
1	Karnataka Tax on Entry of Goods Act	Entry Tax for Asst. year 1998-99	Karnataka Appellate Tribunal, Bangalore	2.29	The Tribunal has dismissed the case and has directed DCCT, Raichur to issue revised demand notice and orders are awaited.
2	Karnataka Tax on Entry of Goods Act	Entry Tax for Asst. year 2001-02	Joint Commissioner of Commercial Taxes (Appeals), Gulbarga	4.41	Appeal Before the Joint Commissioner of Commercial Taxes (Appeals), Gulbarga which was allowed and directed DCCT to rework the tax amount and issue the revised demand notice. Order and notices are awaited

## THE HUTTI GOLD MINES COMPANY LIMITED

3	Income Tax Act	Income Tax for Asst. year 2008-09	Income tax Appellate Tribunal Bangalore	93.77	DCIT has filed appeal before Tribunal.
4	Income Tax Act	Income Tax for Asst. Year 2009-10	Commissioner of Income Tax (Appeals), Bangalore	190.89	Appealed before CIT (Appeals)
5	Income Tax Act	Income Tax for Asst. Year 2010-11	Commissioner of Income Tax (Appeals), Bangalore	706.02	Appealed before CIT (Appeals)
6	Income Tax Act	Income Tax for Asst. Year 2011-12	Commissioner of Income Tax (Appeals), Bangalore	66.74	Appealed before CIT (Appeals)
7	The Central Excise Act	Excise Duty on sale of bullion for the year 2006-07 & 2011-12 (After adjustment of deposit of Rs.100 lakhs)  Penalty	Central Excise Appellate Tribunal Bangalore  Central Excise Appellate Tribunal Bangalore	14,037.27  14,137.27	The Commissioner of Central Excise & Customs, Belgaum has passed order on 26.03.2013 for levying excise duty from 01.01.2007 to 31.12.2011 by rejecting reply submitted by the Company towards show-cause notice. Company has filed appeal before Tribunal. During the year tribunal has granted stay.

10. The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. During the year under review there are no outstanding loans due to banks or financial institution and hence the question of repayment does not arise.
12. In our opinion and according to the information and explanation given to us, and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

## THE HUTTI GOLD MINES COMPANY LIMITED

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13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The company has maintained proper records of the transactions and contracts in respect of dealing or trading in mutual funds and timely entries have been made therein. All such securities and other investments have been held by the Company in its own name.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not availed any term loans during the year.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no short term funds have been used for long term investment.
18. The Company has not allotted shares on preference to parties and companies entered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For Subhaschandra P Kudari & Co**

Chartered Accountants  
Firm Regn.No.004094S

Sd/-

**S.P Kudari**

Proprietor

Membership No.: 020513

Place: Bangalore

Date: September 01, 2014

# THE HUTTI GOLD MINES COMPANY LIMITED

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## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE HUTTI GOLD MINES COMPANY LIMITED, BANGALORE FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014.

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The preparation of financial statements of “**The Hutti Gold Mines Company Limited, Bangalore**” for the year ended **31st March 2014** in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are 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 **1st September 2014**.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit, under section 619(3)(b) of the Companies Act, 1956, of the financial statements of “**The Hutti Gold Mines Company Limited, Bangalore**” for the year ended **31st March 2014**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in **Auditor’s Report** as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors’ Report under section 619(4) of the Companies Act, 1956.

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

Sd/-  
**(L.A.C. SINGH)**  
PRINCIPAL ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BANGALORE

BANGALORE  
DATED: 9th September 2014

## **I SIGNIFICANT ACCOUNTING POLICIES**

### **1. ACCOUNTING SYSTEM:**

- 1.1 Financial statements have been prepared under historical cost convention and in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956.
- 1.2 Financial statements have been prepared on the fundamental accounting assumption of a going concern and on accrual system of accounting except as stated in 2.5.
- 1.3 Expenses accruing in the financial year and ascertainable with reasonable accuracy on the cut-off date are provided for in the accounts.

### **2. REVENUE RECOGNITION**

- 2.1. Sales are accounted net of discount, taxes and duties.
- 2.2. Sale of Gold is accounted on the basis of weekly average standard rate of Mumbai Bullion Market of that week or average rate till date of preparation of invoice.
- 2.3. Sale of Silver is accounted on the basis of rate of Mumbai bullion market prevailing on the day of preparation of invoice.
- 2.4. Sale of wind power is accounted on accrual basis as per B-Form issued by KPTCL, and rate as per Power Purchase Agreement.
- 2.5. Sale of scrap is recognised on the basis of delivery.
- 2.6. Revenue grants are recognised over the periods in which they are spent to match to the related costs.
- 2.7. Insurance claims are recognised during the year of settlement.

### **3. FIXED ASSETS.**

- 3.1. Fixed assets are stated at cost less depreciation. Capital work-in-progress are recorded at historical cost.
- 3.2. Values of abandoned Fixed Assets and Capital Work-in-progress are charged off in the year in which the same are identified as redundant.
- 3.3. Expenditure during period of construction for expansion/ modernisation/ mechanisation of existing unit is capitalised on successful completion of the concerned project.
- 3.4. Expenditure incurred on Mine Deepening of existing shafts are treated as revenue expenditure.

### **4. DEPRECIATION.**

- 4.1 Depreciation on Fixed assets is provided on Straight Line Method basis at the rates as contemplated under Section 205(2) (b) of the Companies Act, 1956, read with Schedule XIV of Companies Act, 1956.
- 4.2 Wind Mill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto under schedule XIV of the Companies Act.
- 4.3 Additions to the existing assets are depreciated over the remaining useful life of that asset



# THE HUTTI GOLD MINES COMPANY LIMITED

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## 5. INVESTMENTS

Long term investments have been valued at acquisition cost. Current investments are valued at the lower of cost or fair market value, on individual asset basis.

## 6. VALUATION OF INVENTORIES:

### 6.1 STORES, SPARE PARTS & LOOSE TOOLS.

6.1.1 Stores and Spare parts purchased are valued at Weighted Average Cost.

6.1.2 Spare parts / Consumables manufactured are valued at Cost.

6.1.3 Loose Tools, unit cost of which is ₹.5000 or less are charged off in the accounts at the time of issue from Stores. Loose Tools whose value is more than ₹.5000 is charged off at the rate of 50% per year on reducing balance method till such time the Written down Value comes to ₹.5000 and then charged off in full.

### 6.2 FINISHED GOODS:

6.2.1 Gold: At lower of cost or net realisable value (Mumbai Bullion price for standard gold as on 31st March less discount).

6.2.2 Silver: Lower of average selling price for the year or closing market value.

6.3 WORK IN PROCESS: Lower of estimated cost or net realisable value.

6.4 STOCK OF ORE ON SURFACE: Lower of cost or net estimated realisable value.

6.5 GOODS-IN-TRANSIT: At Cost.

6.6 Medicines, Canteen and Stationery items are charged off at purchase price since the same are meant for immediate consumption and not for resale.

## 7. DEFERRED REVENUE EXPENDITURE:

7.1 Exploration/prospecting/Over burden removal expenses for the New Deposits/ Leases/Areas/ are treated as Deferred Revenue Expenditure and amortised during the first five years of operation or till such time the deposits prove economical, whichever is earlier.

7.2 Other Miscellaneous Expenditure is amortised over a period of five years.

## 8. EMPLOYEE RETIREMENT BENEFITS:

8.1 Gratuity liability is covered by Group Gratuity Policy issued by LIC of India and administered through approved Gratuity Trust. Current Service Cost based on Actuarial Valuation is charged to the Profit & Loss Account.

8.2 Company's contributions to Provident Fund have been made to an approved Trust/Provident Fund Authorities. The contribution is charged off to the profit & loss account.

8.3 The liability on account of Leave Encashment entitlements of the employees is covered by policy with LIC. Current Service Cost based on Actuarial Valuation is charged to the Profit & Loss Account.

# THE HUTTI GOLD MINES COMPANY LIMITED

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8.4 Company's contribution to Superannuation in the case of eligible Officers (based on a percentage of basic pay and dearness allowance) is made to an approved Trust and administered by LIC of India. Annual contribution is charged to Profit & Loss Account.

8.5 Expenditure incurred towards Voluntary Retirement Scheme is charged off as per AS 15 revised.

8.6 Provision towards twenty-five years long service award is made in the year of eligibility.

## **9. PREPAID EXPENSES**

Expenses, in excess of ₹.500, whereof benefits accrue in the subsequent year, are treated as Prepaid Expenses.

## **10. FOREIGN EXCHANGE TRANSACTIONS.**

- a) Transactions in foreign currencies are recorded at the exchange rates prevailing at the time of transaction, except in the case of forward contracts where transactions are recorded at forward contract rates.
- b) Liability in respect of foreign currency transactions outstanding at the end of the year not covered by forward exchange contract is updated at the year end rates and the exchange difference is adjusted to the profit and loss account.
- c) Exchange differences arising on settlement are recognised in the profit and loss account.

## **11. DEFERRED TAX LIABILITY AND CURRENT TAX PROVISION**

11.1 Deferred Tax Liability and Asset resulting from divergences between "Accounting Income" and Taxable Income" and between "Book Values" and "Values as per Income Tax Act 1961" and rules framed there under, arising out of "Timing Differences" is accounted for at the effective rates prevailing on the Balance Sheet date, as per Accounting Standard-22.

11.2 The provision for Current Tax is made after taking into consideration all allowable deductions, carry forwards and disallowances envisaged under the Income Tax Act 1961 and rules made there under.

## **12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.**

A provision is made based on a reliable estimate when it is probable that an outflow of resources, embodying economic benefits, will be required to settle an obligation. Contingent liabilities, if material, are disclosed by way of notes to accounts. Contingent assets are not recognised or disclosed in the financial statements as a prudent policy.



# THE HUTTI GOLD MINES COMPANY LIMITED

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## THE HUTTI GOLD MINES COMPANY LIMITED

Regd. Office: 3rd Floor, KHB Shopping Complex, National Games Village,  
Koramangala, BANGALORE-560 047

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**2013 - 2014**