



HMT LIMITED

(CIN No: L29230KA1953PLC000748)

Regd. Office: HMT Bhavan, No.59, Bellary Road, Banaglore-560032

Ph:080 – 23330333, Fax:23339111, e-mail:cosey@hmtindia.com

NOTICE

Notice is hereby given that the 62nd Annual General Meeting of **HMT Limited** will be held on **Wednesday, September 30, 2015** at **10.30 A.M.** at the Registered Office of the Company at No.59, Bellary Road, Banaglore-560 032 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a. The Audited Standalone Financial Statements for the financial year ended March 31, 2015 and the reports of the Directors' and Auditors' thereon;
 - b. The Audited Consolidated Financial Statements for the financial year ended March 31, 2015 and the report of Auditors' thereon;
2. To appoint a director in place of P. Sivarami Reddy (DIN 02678958), who retires by rotation and being eligible has offered himself for re-appointment.
3. To authorize the Board of Directors to fix the remuneration of the Auditors' for the year 2015-16.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Shri Vishvajit Sahay (DIN. 06840620), who was appointed as an Additional Director pursuant to Article 67(4) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 03.02.2015 to hold office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, pursuant to the provisions of Section 160(1) of the Companies Act, 2013, be and is hereby appointed as a Director of the Company not liable to retire by rotation.”

By Order of the Board

(**Subash B. K.**)
Company Secretary

Date: 03-09-2015

Place: Bangalore

Notes:-

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON APPOINTED AS PROXY SHALL ACT ON BEHALF OF SUCH MEMBER OR NUMBER OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, AS PER RULE 19(2) PROVISIO OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER HOLDING MORE THAN 10% OF TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
3. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
4. Brief resume of each of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold Directorships and memberships/ chairmanships of Board Committees, Shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report and also accompanying this notice.
5. Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The General Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2015-16 as may be deemed fit by the Board.
6. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means through M/s Karvy Computershare Private Limited. The members, whose names appear in the Register of Members / list of Beneficial Owners as on August 28, 2015 i.e. the cut off date taken by the Company for dispatch of Annual Report and the Notice (including notice for e-voting) calling the Annual General Meeting will be eligible to vote for the purpose of E-voting / AGM. The e-voting period will commence from Sunday, September 27, 2015 at 9.00 A.M. and will end on Tuesday, September 29, 2015 at 6.00 P.M. The e-voting module will be disabled on September 29, 2015 after 6.00 P.M.. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting sent separately alongwith necessary user id and password. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of

shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date i.e. 28.08.2015.

7. In case of Joint holders attending the Meeting only such joint holder who is higher in the order of names will be entitled to vote.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.
9. The Share Transfer Books and Register of Members of the Company shall remain closed from 22.09.2015 to 30.09.2015 (Both days inclusive) in connection with the AGM.
10. The Company has appointed Shri D. Venkateswarlu to act as a scrutinizer, to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website within two (2) days of passing of the resolution at the Annual General Meeting of the Company and will accordingly be communicated to the stock exchanges.
11. Proxies duly stamped and signed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
12. None of the Directors of the Company are related to each other in any way.

Members are requested to register their email-ids at the earliest to support the Company's Green initiative and for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically. In case of shareholders holding shares in electronic form, details may be sent to their respective DP. Shareholders holding shares in physical form are requested to send email details to our RTA, M/s Karvy Computershare Private Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following explanatory statement sets out the material facts relating to the business mentioned in Item No. 4 of the accompanying Notice dated September 3, 2015.

ITEM NO - 4

Shri Vishvajit Sahay (DIN. 06840620), was appointed as Government Nominee Director of the Company by the President of India vide letter F.No.5(8)/2010-P.E.X dated February 3, 2015 and accordingly was appointed as an Additional Director pursuant to Article 67(4) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 03.02.2015 holds Office upto the date of this Annual General Meeting.”

As per requirement of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing, proposing candidature of Shri Vishvajit Sahay (DIN. 06840620) for the Office of Director of the Company.

Shri Vishvajit Sahay if appointed, shall not be liable to retire by rotation.

Shri Vishvajit Sahay is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act. 2013.

Except Shri Vishvajit Sahay (DIN. 06840620), being an appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No - 4.

The Board recommends the resolution for approval of the Shareholders.

By order of Board of Directors,

(Subash B.K)

Company Secretary

Place: Bangalore

Date: 03.09.2015

Brief Resume of Directors proposed for appointment / re-appointment as per listing agreement [(clause 49 VIII(E) (1)(a))

SHRI VISHVAJIT SAHAY

Shri Vishvajit Sahay, aged 48 years was inducted as Part-Time Official Director on the Board of HMT w.e.f February 3, 2015. Shri Vishvajit Sahay is a IDAS 1990 batch officer. He has worked in various capacities as Director (Films), Ministry of Information and Broadcasting, Finance Manager in Acquisition Wing, Ministry of Defence, Sr. Dy. Controller General of Defence Accounts (Admn), Joint Controller General of Defence Accounts and at present he holds a post of Joint Secretary, Department of Heavy Industry.

Shri Vishvajit Sahay does not hold any shares in HMT.

SHRI P. SIVARAMI REDDY

Shri P.Sivarami Reddy aged 57 years was inducted as Director (Operations & Finance) on the Board of HMT with effect from 26.05.2014. A Mechanical Engineer graduate with Master in Business Administration in Marketing Management has served in various capacities for nearly 3 decades in different Units of HMT Group. Before joining HMT he worked in two private companies in Hyderabad from 1980 to 1983.

Shri P.Sivarami Reddy does not hold any shares in HMT Ltd.

IMPORTANT COMMUNICATION TO MEMBERS

Across the world, there is an increasing focus on doing our bit to help save our environment from further degradation. The Green initiative is an attempt to reduce consumption of paper by making use of electronic communication, in turn prevent deforestation and thereby contribute to a cleaner and healthier environment. It will also ensure prompt receipt of communication and avoid losses in transit.

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this initiative, we had requested our members last year to register their email-id with their Depository Participant / Company's Registrar & Share Transfer Agents which will enable us to provide shareholder communication in electronic form.

In response to our request, several Members have expressed their support to the initiative, by registering their email-id and we express our sincere appreciation of their gesture. It is once again requested that Members who have not registered their email addresses, so far, to register their email-id with their Depository Participant / Company's Registrar & Share Transfer Agents to support this green initiative of the Government in full measure.

Members who hold shares in physical form are requested to fill the appropriate information in the form below and register the same with Karvy Computershare Private Limited (Unit – HMT Limited), No. 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034.

We are sure that you appreciate the Green Initiative taken up by the Ministry of Corporate Affairs and trust that you will support your Company's desire to participate in it.

HMT LIMITED

No. 59, Bellary Road, Bangalore - 560 032

FORM FOR REGISTERING E-MAIL ID FOR RECEIVING DOCUMENTS/NOTICES BY ELECTRONIC MODE

In terms of Circular No. 17/2011 dated April 21, 2011 issued by Ministry of Corporate Affairs, Government of India

Name of the Shareholder (In Block letters) including Joint holders, if any	
Registered Folio Number/DP 1D/CL ID Nos.	
Email- ID	
Signature of the Shareholder	



ATTENDANCE SLIP

No. 59, Bellary Road, Bangalore - 560 032

I, hereby record my presence at the 62nd Annual General Meeting at the Registered Office of the Company at **10.30 a.m. on Wednesday, September 30, 2015.**

Name of the Attending Member
(in Block Letters)

DP. Id	
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Members' Folio Number	
-----------------------	--

Client Id	
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No. of Shares	
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Name of Proxy
(in Block Letters, to be filled in if the Proxy attends instead of the Member).

Member's/Proxy's Signature

To be signed at the time of handing over this slip.

(Tear here)

HMT LIMITED

No. 59, Bellary Road, Bangalore - 560 032

PROXY FORM

DP. Id	
--------	--

Members' Folio Number	
-----------------------	--

Client Id	
-----------	--

No. of Shares	
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I / We
of
being a Member/Members of HMT Limited hereby appoint
..... of
or failing him
of
or failing him
as my/our Proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the 62nd Annual General Meeting of the Company, to be held at **10.30 a.m. on the Wednesday, September 30, 2015** and at any adjournment thereof.

Signed by the said

Affix
One Rupee
Revenue
Stamp

Note : The Proxy Form must be deposited at the Registered Office of the Company at No. 59, Bellary Road, Bangalore 560 032, not less than 48 hours before the time for holding the meeting.

HMT LIMITED

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BOARD OF DIRECTORS

Shri. S. Girish Kumar	Chairman & Managing Director
Shri. S. K. Bahri	Director
Shri. Vishvajit Sahay	Director
Shri. P. Sivarami Reddy	Director (Operations)

CHIEF VIGILANCE OFFICER

Shri. R. N. Lakshmi Narasimha	Chief Vigilance Officer
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COMPANY SECRETARY

Shri Subash B. K.	Company Secretary
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STATUTORY AUDITORS

M/s DOKANIA S KUMAR & CO.
Chartered Accountants

BANKERS

UCO Bank
Punjab National Bank

REGISTERED OFFICE

"HMT BHAVAN"
59, Bellary Road
Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

(₹ in Lakhs)

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATING STATISTICS										
Sales	6147	7971	10095	16112	20086	19164	16098	17108	22729	24833
Other Income *	3247	30518	4756	4658	5475	1078	1425	1267	11458	5621
Materials	3570	6319	5365	12118	13746	12083	10596	14064	15125	17461
Employee Costs	9978	9030	7070	7499	8371	6762	6367	6472	6106	5813
Other Costs	2837	11754	4090	2906	3140	3252	4811	4080	8351	5868
Depreciation	271	340	355	440	387	392	340	299	321	393
Earnings before Interest	(7821)	12016	(4135)	735	(16)	(3323)	(5664)	(4466)	3639	900
Interest	1836	1434	10403	8955	7908	1968	1234	131	(409)	(455)
Earnings/(Loss) before Tax	(9657)	10582	(14538)	(8220)	(7924)	(5291)	(6898)	(4597)	4048	1355
Taxation (net off withdrawal/refunds)	-	1861	-	-	-	-	181	(130)	(1382)	28
Net Earnings	(9657)	8721	(14538)	(8220)	(7924)	(5291)	(7079)	(4467)	5430	1327
FINANCIAL POSITION										
Net Fixed Assets	2400	2831	3159	3507	3868	4028	4094	3751	3342	3437
Current Assets	64307	67742	68604	70619	65557	72668	71078	73167	112729	111417
Current Liabilities & Provisions	25217	21881	26928	25701	24309	21437	19445	19653	20914	20366
Working Capital	39090	45861	41676	44918	41248	51231	51633	53514	91815	91051
Capital Employed	41490	48692	44835	48425	45116	55259	55727	57265	95157	94488
Investments	76390	76390	76556	76556	76556	76556	76571	76571	76571	7801
Miscellaneous Expenditure	-	-	-	-	-	-	29	197	380	3845
Borrowings	13846	11246	82349	71401	59871	62091	57312	52098	85553	92742
Net Worth	104034	113838	39043	53581	61800	69724	74986	81897	86181	8146
OTHER STATISTICS										
Capital Expenditure	8	12	7	81	227	327	681	707	230	556
Internal Resources Generated	(9386)	10922	(14183)	(7780)	(7537)	(4899)	(6739)	(4168)	5751	1720
Working Capital Turnover Ratio	0.16	0.17	0.24	0.36	0.49	0.37	0.31	0.32	0.25	0.27
Current Ratio	2.55	3.10	2.55	2.75	2.70	3.39	3.66	3.72	5.39	5.47
Return on Capital(%)	(17.34)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)	(5.86)	3.84	0.93
Employees (Nos)	1421	1434	1442	1699	1904	2088	2205	2296	2383	2429
Capita Sales	4.33	5.56	7.00	9.48	10.55	9.18	7.30	7.45	9.54	10.22

* Includes Extra Ordinary /Exceptional Items

DIRECTORS' REPORT

To
The Members,
HMT Limited
Bangalore

Dear Members,

The Board of Directors have pleasure in presenting the 62nd Annual Report on the Business & Operations of your Company and Annual Financial Statements of the Company for the financial year 2014-15 along with the Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached to this Report.

Financial summary / Performance of the Company (Standalone)

(₹ in Crore)

Particulars	2014-15	2013-14
Gross Revenue from Operations	61.47	79.71
Profit Before Depreciation and Finance Costs	(75.48)	(150.36)
Depreciation	2.71	3.40
Gross Profit/(Loss)	(78.19)	(153.76)
Finance Cost	18.36	14.34
Net profit before exceptional Items and PPA	(96.55)	(168.10)
Add : Exceptional Items	-	275.00
Less : Prior Period Adjustments	0.02	1.08
Net Profit before Tax	(96.57)	105.82
Provision for Tax	-	18.61
Net Profit After Tax	(96.57)	87.21
Profit/Loss carried forward to Balance Sheet	(96.57)	87.21

BUSINESS SCENARIO

India's economic growth rate in the current financial year has recovered to 7.3 per cent, against 6.9 percent of the previous year. The growth of Gross Value Added (GVA) at basic prices for agriculture & allied sectors, industrial sector and services sector are estimated at 0.2 per cent, 6.1 per cent and 10.2 per cent respectively in 2014-15 as compared to the corresponding rates of 3.7 per cent, 4.5 per cent and 9.1 per cent respectively in 2013-14.

Overall growth in the Index of Industrial Production (IIP) was 4.1 per cent during April 2015 as compared to 3.7 per cent in April 2014. In the year 2014-15, IIP growth was 2.8 per cent as compared to (-) 0.1 per cent in the previous year. Eight core infrastructure industries registered a contraction of 0.4 per cent in April 2015 as compared to growth of 5.7 per cent in April 2014. In the year 2014-15, these sectors grew by 3.6 per cent as compared to 4.2 per cent growth in the previous year.

The Growth in gross fixed capital formation (fixed investment) increased from 3 percent to 4.1 percent in 2014-15. Gross fixed capital formation (GFCF) as a percentage of GDP declined from 29.7 per cent in 2013-14 to 28.07 percent in 2014-15

Agriculture is the primary source of livelihood for about 58 per cent of India's population. Agriculture and its allied services grew at a CAGR of 2.8 per cent from 2007 to 2014. Rainfall has been excess/normal in 24 sub divisions as compared to 8 during the corresponding period last year accordingly to the advanced estimates; agriculture and allied sector recorded a growth of 3.6 per cent in 2014 and has fallen short of the 4 per cent growth target

The Performance of two key sectors Capital Goods and Manufacturing has shown positive trend during financial year 2014-15. The Indian automobile industry showed 8.6 percent growth in sales ending the fiscal year 2015 on a positive note which in turn impacts optimistically on the performance of machine tool industry.

Operating Results

On the Company's main business portfolio of Tractors, the market indicators reveal that the industry recorded de-growth of 12% in terms of quantity. Your Company had to face severe pressure on performance during the year due to lack of working capital. Your Company recorded a Production of ₹ 53.66Crore (1078Nos. of Tractors) as against ₹ 74.11 Crore (1546 Nos. of Tractors), in the previous year, and Sales of ₹ 60.28 Crore (1127 Nos. of Tractors) compared to ₹ 78.45 Crore (1488 Nos. of Tractors) in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of ₹ 252 Crore and Sales of ₹ 277 Crore for the year 2014-15.

Future Outlook

Tractor Industry in India has shown a negative growth trend for the last six months of 2014-15 and has ended with a cumulative negative growth of 12%.

No major relief from the current downswing is expected in the next three quarters of this financial year. Tractor demand will depend upon monsoon pattern and Govt. of India's Minimum Support Price (MSP) for farm products.

Growth outlook stands at 8–9 % CAGR for Tractor Industry over the next five years as per Tractor Manufacturers Association (TMA).

Tractor sales are expected to grow by 8-9 per cent CAGR, over next five years, with falling replacement cycles, stable farm incomes, and increased focus of the government on agricultural and rural development.

Two categories 31-40 HP and 41-50 HP sub segments of Tractors continue to constitute bulk of the tractor market mainly driven by larger market, suitability of applications and relatively better affordability of the mix. This mix to remain largely unaffected over the 18-24 month timeframe though improving mechanization and increasing exports from India are likely to aid in enhancing the volume share of sub 30 HP and >51 HP tractors respectively over a longer horizon.

Monsoon forecasts suggest that rain fall in central India should be above normal at 105-110%. Rainfall in south and east and north-east India, too, should be normal. There is overwhelming evidence to suggest that monsoon this year will most probably be normal and is hopeful that Tractor sales may pick up only in second half of the year subject to monsoon. Tractor industry may accordingly see a growth phase once again.

The other trend that is evident is increased use of tractors in infrastructure and construction sectors which has led to a huge growth in purchase of higher HP tractors. High growth in this segment is expected to continue because of the following:

- Replacement demand turning towards higher HP tractors.
- Increased usage of tractors for non-agricultural applications across India

The Tractor Industry will continue to grow in the year 2015-16 due to thrust of Govt. on Agriculture and infrastructure. The growth drivers of Tractor Industry such as boost in rural economy, increased focus on agriculture and rural development, credit availability, shorter replacement cycle, several policy initiatives by the Government, etc., are aiding the growth trends.

The Tractor Business Group of your Company has already initiated a host of measures towards performance corrections, improvements and further growth. Appointment of new Distributors and Dealers in potential areas/territories, up gradation of the tractor engines for compliance to new emission norms for all models of tractors, entering into MoU's with Banks/Financing Agencies for priority loan sanction/retail financing for the purchase of HMT Tractors, dynamic business strategies, improved collections on account of price revision and incentive scheme etc., which are expected to yield results in the current financial year.

The future plans of your Company envisages plant modernization and technology Upgradation & Manpower restructuring which will contribute to better productivity hence the efficiency and give a thrust to the growth trends in the coming years.

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 Authorised Share Capital of the Company is ₹ 2100 Crore and Paid up Share Capital is ₹ 1420.35 Crore

Fixed Deposits:

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

Enterprise Risk Management:

Establishment of Risk Management System in terms of Clause 49(VI) of the Listing Agreement and the provisions of the Companies Act, 2013 is under process.

Particulars of Employees:

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

SUBSIDIARY COMPANIES**HMT Machine Tools Limited**

The Subsidiary achieved Sales of ₹ 172.15 Crore during the year against ₹ 159.02 Crore in the previous year. Production attained is ₹ 181.50 Crore as against ₹ 155.56 Crore, in the previous year. Net loss reported is ₹ 134.94 Crore during the year 2014-15 against a loss of ₹ 52.66 Cr. in previous year.

The Subsidiary has implemented the revival plan proposals and plant up-gradation. The Subsidiary is also pursuing with various agencies for extending the reliefs and concessions sanctioned by the BIFR under the Rehabilitation Scheme. Some of these Parties including the Consortium of Banks have preferred appeals against the reliefs and concessions sanctioned by the BIFR, which is being contested by the Subsidiary.

During 2013-14 BRPSE reviewed the progress of Revival Plan Implementation and recognised the need for interim measures to propel the growth of HMT Machine Tools Limited which will augur the momentum. Accordingly recommendation forwarded to the Government was approved and is under implementation. Infusion of ₹ 75 Cr. Working Capital will have a positive effect on the future performance.

HMT Watches Limited

This Subsidiary could not show significant improvement in performance during the year under review. Major factors affecting the performance of this Subsidiary were paucity of working capital, erosion of trade channel and high cost of borrowings. This Subsidiary could achieve a Sales of ₹ 8.13 Crore including sales through e-portals and Production of ₹ 2.69 Crore during the year under review. The Net Loss for the year stood at ₹ 259.20 Crore.

HMT Chinar Watches Limited

The performance of this Subsidiary could not be sustained at optimum levels due to working capital constraints for production and as majority of the employees have been separated on VRS leaving about 32 employees at Srinagar

and Jammu Units of the Subsidiary. Under these circumstances, the Subsidiary's Sales was limited to ₹ 0.90 Crore during the year with NIL Production for the year. In view of the virtual non operating levels, the Subsidiary incurred a Net loss of ₹ 49.05 Cr.

HMT (International) Limited

The Subsidiary achieved a turnover of ₹ 33.40 Crore during the year 2014-15 as against ₹ 25.08 Crore recorded in the previous year 2013-14. The Order procurement during the year is ₹ 82.08 Crore as against ₹ 22.23 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary reported Profit Before Tax (PBT) of ₹ 1.66 Crore achieved against ₹ 0.50 Crore reported in previous year. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 20% for the year 2014-15 on its Paid-up equity share capital

HMT Bearings Limited

During the year under review, the Subsidiary was able to achieve a Sales of ₹ 14.75 Crore, against the Previous Year's Sales of ₹ 14.36 Crore. In terms of Production the Company was able to achieve ₹ 14.20 Crore compared to the Previous Year's Production of ₹ 15.04 Crore. Profit Before Tax registered ₹ (-)17.78 Cr. against ₹ (-)15.98 Cr. reported during 2013-14.

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 2014-15, this Company showed a Profit after tax of ₹ 1.06 Lakhs only on account of the interest income of ₹ 3.71 Lakhs, on the fixed deposits kept with the Banks.

Gujarat State Machine Tools Corporation Ltd

This Joint Venture Company between HMT and GIIC 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.

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement, Consolidated Financial Statements of the Company along with that of

the Subsidiaries for the financial year 2014-15, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

The financial information of these subsidiary Companies have been furnished as part of the Consolidated Balance Sheet of the Company. The annual accounts and other detailed information of each of the Subsidiary companies will be available for inspection at the Registered Office of the Company/copy provided on requested by any member.

HUMAN RESOURCE

The employee strength of the Company as on March 31, 2015, stood at 4770 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, 2015 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	317
Scheduled Tribes	46
Other Backward Classes	105
Ex-Servicemen	5
Persons with Disabilities	15
Women employees	43
Minorities	216

INDUSTRIAL RELATIONS

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

IMPLEMENTATION OF OFFICIAL LANGUAGE

The efforts towards implementation of Official Language Act, Rules & Policy as per the directives of the Government in the Company is continuous. The Official Language Implementation Committee have been constituted in all the Units of the Company and the 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, 2014. Various competitions in Hindi such as Hindi Story Writing, Hindi News Paper Reading, Hindi Quiz Writing, Hindi Conversation, Hindi Antyakshari, 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 Officials of the Company regularly take part in the meetings of the Town Official Language Implementation Committee.

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

VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Department of the Company. Presently the post of Chief Vigilance Officer is vacant and General Manager (HR) of HMT MTL is holding the additional charge of CVO as per the directive of Ministry of Heavy Industry. Chief Vigilance Officer is assisted at Unit level by exclusively appointed Vigilance Officers.

The Corporate Vigilance Department carries out vigilance functions in the Holding Company as well as its Subsidiary Companies. The vigilance functions 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. The reports so received are scrutinized at CVO Office for further action. Unit Vigilance Officers also verify Annual Property Returns submitted by the Unit level Officers.

Apart from regular inspections by Unit Vigilance Officers, CVO conducts CTE 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/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 advice the

concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated and should conform to CVC and Company Purchase Manual guidelines.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedures 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. Hosting of all open tenders and high value Limited Tenders on www.tenders.gov.in (Website of GOI).
2. Publishing details regarding all purchase orders / contracts concluded in any month and above the threshold value (presently ₹ 5.00 lakhs). This is generally followed by all manufacturing Units.
3. Application form for vendor registration along with list of items required by different 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. All Managing Directors and Unit Chiefs have been directed for switching over to e- Procurement process for all purchases of value ₹ 2 lakhs and above and adopt e-payment mode for making all payments including supplier payments. This is under implementation.
5. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders. Vigilance Awareness Week 2014 was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

The number of inspections including surprise inspections carried out by CVO and Unit Vigilance Officers along with the number of property returns scrutinized between April 2014 to March 2015 is tabulated below :-

Inspection	Total carried out between April 2014 – March 2015 (by Unit Vigilance Officers)
Periodic Inspection of Purchase Files	1111
Surprise Inspection	255
Scrutiny of Annual Property Returns	554

Inspections done by CVO (April 2014 to March 2015)	(i) HMT Limited Corporate Office, Bangalore (ii) HMT (International) Limited, Bangalore (iii) HMT MTL Bangalore Complex (MBX), Jalahalli, Bangalore (iv) HMT MTL Hyderabad (PTH & MTH) (v) HMT MTL Pinjore (vi) HMTL Tractors, Pinjore.
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CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on the Corporate Governance is annexed as part of this Report along with the Compliance Certificate from the Auditors. 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, 2015, is also appended.

The Audit Committee could not be reconstituted as per Cl. 49 of the Listing Agreement in the absence of Independent Directors to be appointed by the Government on the Board.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo. (as required under the section 134(3)(m) of companies Act, 2013 read with rules 8 of the companies (Accounts) Rules, 2014) 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 31.03.2015, 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 is placed as Annexure -

AUDITORS

M/s Dokaniya S.Kumar & Co., Howrah, were appointed as Statutory Auditors of the Company for the year 2014-15 by the Comptroller & Auditor General of India. Three 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. D. Venkateswaralu, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure to this report. along with management's response there to.

DIRECTORS

Vide Presidential Order No.5(8)/2010-P.E.X dated February 3, 2015 issued by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Shri Vishvajit Sahay has been appointed as the Part-time Official Director of the Company with immediate effect, until further orders vice Shri. Rajesh Kumar Singh.

Shri Vishvajit Sahay is proposed for appointment as Director in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

The Board placed on record its appreciation for the valuable services rendered by Shri R.K.Singh whose term of Office ended during the year.

Shri P.Sivarami Reddy, Director (Operations) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

ACKNOWLEDGEMENTS

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary

Companies, Suppliers, Reserve Bank of India, the Consortium of Banks lead by UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

Your Directors would also like to take this opportunity to express their appreciation for the contributions made by the Company's employees and look forward to their continued services in pursuit of building a world class Indian Company.

For and on behalf of the Board of Directors

(S. Girish Kumar)
Chairman & Managing Director

Place: Bangalore
Date: 10-08-2015

MANAGEMENT DISCUSSIONS AND ANALYSIS

General Economic Environment:

The Indian economy registered a growth rate of 4.4 per cent in the first quarter (Q1) of 2014-15 where as negative growth of 13.64 percentage is registered during the first quarter of current year 2015-16.

Tractor Industry witnessed continuous growth in the years 2009-10, 2010-11 and 2011-12. During the year 2012-13 it witnessed negative growth of about 3% due to slow down in Indian economy. During 2013-14 Tractor Industry again took a big leap and registered 20% growth in domestic sales.

During 2014-15 tractor industry has once again shown a negative growth of 12%. Untimely Monsoon, damage to rabi crops, decline in crop output, lower yields and weakening crop prices during the current year have negatively impacted farm sentiments.

M&M maintained their market leadership with 40% market share followed by TAFE (24%), Escorts (10.5%) and Sonalika (12%). Further, non-agricultural demand pull has also remained subdued with slow pick-up in pace of infrastructure activity.

Exports, however registered a growth of over 20% on back of growing demand from U.S, near-by markets- especially Sri Lanka, Bangladesh and parts of Africa. Major market share is captured by large manufacturers. HMT's market share has reduced significantly.

The tractor density of India is about 16 tractors for 1,000 hectares, while the world average is 19 tractors and that of USA is 27. Clearly, there is significant opportunity for mechanization of agriculture.

Government of India (GOI) remains committed towards rural development and agri-mechanisation; besides other factors like scarcity of farm labour, credit availability, moderate penetration and shortening replacement cycle continue to encourage demand for tractors

Opportunities:

- Good demand for Tractors in Indian market and abroad.
- Demand for higher HP Tractors due to infrastructure projects.
- Govt. support for rural development and farm mechanization.
- Demand for I.P engines for Gen. Set, mobile communication towers and power generation.
- Demand of PTO driven implements like Rotavator increasing.

FINANCIAL PERFORMANCE

The turnover of the Company for the year 2014-15 was Rs. 60.28 crore with a net Loss of Rs. 96.57 crore.

The total borrowing by the Company as on 31-3-2015 was Rs. 116.45 crore or which includes Rs. 72.02 crore Govt. of India Loan

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized, recorded and reported correctly.
- Process for formulating and reviewing annual and long term business plans have been laid down.
- Detailed Annual budget giving further break up of monthly targets under various heads.

- Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- Compliance with laws and regulations.

The Internal Audit Department of the Company along with the external firms appointed for carrying out internal audits of Units / Divisions reviews, evaluates and appraises the various systems, procedures / policies laid down by the Company and suggests meaningful and useful improvements.

Internal Audit Department coordinates with the Units / Divisions of the company for ensuring coverage of all areas of operations in order to bring a transparency in the whole spectrum of the Company.

The Audit Committee reviews the Audit Report submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. At present the Audit Committee has to be reconstituted after appointment of Independent Directors on the Board by the Government.

The Committee also meets the Company's statutory Auditors to ascertain, inter-alia, their views on the adequacy of internal control system in the Company and keeps the Board of Directors informed of its major observations from time to time. Meeting of the Audit Committee could not be held during the year due to non-reconstitution.

HUMAN RESOURCES

As on 31.03.2015, the Company and its Subsidiaries had a total workforce of 4770 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas.

The Company has taken suitable measures to bring down the Personnel Costs by implementing several austerity measures.

Statistics on the number of employees separated on availing the VR Scheme in HMT and its Subsidiary Companies during the last four years is furnished below:

Sl. No.	Organisation	No. of employees opted VRS				
		2011-12	2012-13	2013-14	2014-15	Total
1.	HMT Limited	-	-	-	-	-
2.	HMT Machine Tools Ltd.	-	-	-	-	-
3.	HMT Watches Ltd.	124	51	-	-	175
4.	HMT Chinar Watches Ltd.	-	57	18	-	75
5.	HMT Bearings Ltd.	-	-	-	-	-
6.	HMT (International) Ltd.	-	-	-	-	-
	Total	124	108	18	-	250

Surplus manpower in certain areas has been deployed under re-deployment scheme by providing training and re-training to the employees and posting them at thrust areas to meet the goals of the organization. The Company is trying its best to retain the skilled and professionally qualified personnel to arrest attrition.

Unity / Subsidiary	SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.3.2015							Others
	IP as on 31-03-15	Engg. Graduates	Diploma Holders	Professionals HR	Finance	ITI/ NAC	General Graduates	
HMT Limited	1421	50	129	6	5	845	126	260
HMT MTL	2218	235	423	15	10	902	144	489
HMT WL	1005	22	97	2	0	69	81	734
HMT CWL	32	-	1	-	-	9	1	21
HMT BLH	55	4	12	1	0	20	6	12
HMT(I) L	39	14	3	1	1	-	18	2
TOTAL	4770	325	665	25	16	1845	376	1518

PERSONNEL AND INDUSTRIAL RELATIONS

The Personnel and Industrial Relations situation in the Company during the year remained cordial. 1997 revision in Pay/Wages have been implemented affected in HMT Limited and HMT Machine Tools Limited and 2007 Pay/Wage revision was implemented in HMT (International) Ltd., with due approval from the Government of India.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges and as per the applicable provisions of the Companies Act, 2013 as amended from time to time, your Directors submit their report on the matters mentioned in the said Clause and practice followed by the Company.

The Company has been following good Corporate Governance practices like striking reasonable balance in the composition of the Board of Directors, setting up of Audit Committee and other Committees, adequate disclosure of information and business to be deliberated by the Board, etc.

I. BOARD OF DIRECTORS

As on March 31, 2015 the Board of Directors comprised of Chairman & Managing Director I/c, Two part-time Official Directors and Director I/c (Operations/Finance). Currently

the position of 4 part-time Non Official (Independent) Directors are vacant.

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

During the year 2014-15, Nine (9) Board Meetings were held on May 7, June 13, June 20, July 23, August 11, September 4, October 10, November 11 in the calendar year 2014 and February 12 in the calendar year 2015.

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

Name	Category	Attendance particulars		Number of other Directorships and Committee Member/ Chairmanships held		
		Board Meetings	AGM / EGM	Directorship	Committee	
					Membership	Chairmanship
S.G.Sridhar	C & MD	-	Under Suspension with effect from 15.06.2013	-	-	-
S.Girish Kumar	C & MD	9	Yes	7	-	-
Antony chacko	DOP	1	-	2		
P.Sivarami Reddy	DOP/DFN (I/c)	5		3		
R.K.Singh	NENI	8	-	1		
S.K.Bahri	NENI	8	-	2	2	1
Vishvajit Sahay	NENI	1	-	4	-	-

C: Chairman & Managing Director, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent.

Brief Resume of Directors proposed for appointment and re-appointment as per Listing Agreement 49 VIII(E)(1)(a)

Shri Vishvajit Sahay

Shri Vishvajit Sahay aged 48 years is a IDAS 1990 batch. He has worked in various capacities as Director (Films), Ministry of Information and Broadcasting, Finance Manager in Acquisition Wing, Ministry of Defence, Sr. Dy. Controller General of Defence Accounts (Admn), Joint Controller General of Defence Accounts and at present he holds a post of Joint Secretary, Department of Heavy Industry.

Shri Vishavajit Sahay does not hold any shares in HMT Ltd.

SHRI P.SIVARAMI REDDY

Shri P.Sivarami Reddy aged 57 years was inducted as Director (Operations & Finance) on the Board of HMT with effect from 26.05.2014. A Mechanical Engineer graduate with Master in Business Administration in Marketing Management has served in various capacities for nearly 3 decades in different Units of HMT Group. Before joining HMT he worked in two private companies in Hyderabad from 1980 to 1983.

Shri P.Sivarami Reddy does not hold any shares in HMT Ltd.

II COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

In view of the cessation of the Independent Directors and non induction of new incumbents to these positions, the Audit Committee could not be duly reconstituted as per the requirement of the Listing Agreement (Clause 49). As President of India is the appointing authority for Directors, Government has been requested to appoint Independent Directors and Woman Director to comply with Listing requirements and provisions of Company's Act, 2013. Further action for reconstitution of mandatory committees will be taken after appointment of Independent Directors on the Board by the Government.

B. REMUNERATION TO DIRECTORS

The details of remuneration of whole time Directors are given below:

Name of Director	Salary (₹)	Other Benefits (₹)	Total (₹)
Antony Chacko	231296	71354	302650

No sitting fee is payable to any of the directors except Part-time Non-Official (Independent) Directors. An amount of Rs.5000/- per meeting for the Board and ₹ 3000/- for each Committee Meeting is paid as sitting fee to the Part time Non-Official (Independent) Director for attending the Board and Committee Meetings.

- The salary of the whole time Directors does not include performance-linked incentive except amount payable as per the productivity linked incentive scheme of the Company.

C. SHARE TRANSFER SUB -COMMITTEE

The Share Transfer Committee comprises of the Chairman and Managing Director as a single member to look after transfer/transmission of shares issued by the Company & Issue of duplicate certificates, other than confirmation of dematerialization of shares. Four meetings were held during the year 2014-15.

Name of the Compliance Officer:

Shri Subash B.K,
Company Secretary

D. SHAREHOLDERS/INVESTORS GRIEVANCE

During the year ended March 31, 2015 there were 28 complaints received from Shareholders which has been resolved during the year itself.

Number of pending Share Transfers - **NIL**

III GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial year	Date	Time	Venue
2011-2012	28.09.2012	10.30 a.m	Registered Office at No. 59, Bellary Road, Bangalore-560 032.
2012-2013	13.12.2013	10.30 a.m	
2013-2014	30.09.2014	10.30 a.m	

IV DISCLOSURES

- There were no transactions of material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.
- There were no instances of penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company is in process of implementing Whistle Blower Policy mechanism and the same shall be posted in Website.

V Reconciliation of Share Capital Audit

A qualified practicing Company implementing carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital.

The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL.

VI SUBSIDIARY COMPANIES

The Minutes of the Board meetings along with a report on significant developments of the unlisted Subsidiary Companies are periodically placed before the Board of Directors of the Company.

VII MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers, both in English & vernacular language. The above results are also displayed at the Company's website www.hmtindia.com. Pursuant to the directions of Securities & Exchange Board of India (SEBI), the Company has been submitting documents viz., Shareholding Pattern, Financial Results, Annual Report etc.

VIII CEO AND CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Certification by the CEO (Chairman & Managing Director) on the Financial Statements and Internal controls relating to financial reporting for the financial year 2014-15 has been obtained and was placed before the Board.

IX GENERAL SHAREHOLDERS INFORMATION

- | | | |
|------|---|--|
| i) | Annual General Meeting | September 30, 2015
10.30 A.M at
"HMT Bhavan"
No.59, Bellary Road
Bangalore - 560 032 |
| ii) | Financial year | April 01, 2014 to
March 31, 2015 |
| iii) | Book Closure | September 22, 2015 to
September 30, 2015
(both days inclusive) |
| iv) | Listing of Shares and
other Securities | 1. Bombay Stock
Exchange Limited, |

Mumbai
2. National Stock
Exchanges of
India Ltd., Mumbai

(Annual Listing Fees for the year have been paid to the above Stock Exchanges)

- | | | |
|----|---|--------|
| v) | Stock Code No.
Bombay Stock
Exchange Ltd., Mumbai | 500191 |
|----|---|--------|

National Stock Exchange
of India Limited, Mumbai

ISIN No. INE 262A01018 IN
Registrars & Share
Transfer Agents M/s. Karvy
Computershare
Private Limited.
46, Avenue 4, Street
No.1, Banjara Hills,
Hyderabad - 500 034.

vi) Share Transfer System

The Share Transfer Committee of the Board meets at regular intervals, so that shares lodged for transfer are registered and dispatched back well within time limit prescribed in this respect under the listing agreements.

vii) Non-Mandatory Requirements

Being a Government Company, the appointment and fixation of terms and conditions of appointment of all Directors are made by the Government of India. The Company declares that no personnel have been denied the access to Audit Committee.

As the Company's financial results are displayed on the Website of the Company and published in the Newspapers, they are not separately circulated to all the shareholders. The Company is making endeavors to move towards a regime of unqualified financial statements.

- viii) The details of high/low market price of the shares at the Bombay Stock Exchange Ltd., Mumbai and at National Stock Exchange of India Ltd., Mumbai are as under:

Month	Quotation at Bombay Stock Exchange Ltd., Mumbai		Quotation at National Stock Exchange of India Ltd., Mumbai	
	HIGH	LOW	HIGH	LOW
Apr-14	32.4	28.55	32.4	28.65
May-14	52.55	28.5	52.55	28.6
Jun-14	52.3	42.1	52	42
Jul-14	59.15	42.5	59.15	42.85
Aug-14	46.4	40.6	46.8	40.6
Sep-14	43.7	30.3	43.75	30.2
Oct-14	41.3	27.1	41.25	28.35
Nov-14	41.65	33.9	41.6	34.75
Dec-14	62.7	37.1	62.7	34
Jan-15	77.75	46	77.8	47.2
Feb-15	67.75	54	67.7	54.15
Mar-15	61.25	39.2	61.15	39.15

ix) Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2015 is given below:

Category	No. of Cases	% of Cases	Amount	% of Amount
1-5000	19733	88.50	26276590.00	0.35
5001- 10000	1395	6.26	11681660.00	0.15
10001- 20000	604	2.71	9381310.00	0.12
20001- 30000	222	1.00	5741920.00	0.08
30001- 40000	88	0.39	3212420.00	0.04
40001- 50000	74	0.33	3549140.00	0.05
50001- 100000	97	0.44	7152830.00	0.09
100001& Above	85	0.38	7536505530.00	99.12
Total:	22298	100.00	7603501400.00	100.00

x) Shareholding Pattern: as on 31/03/2015 (Total)

Shareholders	No. of Shares	Total Shares	% Equity
BANKS	1	550	0.00
CLEARING MEMBERS	106	153168	0.02
FOREIGN INSTITUTIONAL INVESTORS	1	5265	0.00
H U F	454	377476	0.05
INDIAN FINANCIAL INSTITUTIONS	3	40673	0.01
INDIAN MUTUAL FUNDS	11	19000	0.00
BODIES CORPORATES	563	69188512	9.10
NON RESIDENT INDIANS	142	97222	0.01
PROMOTERS	1	684315126	90.00
RESIDENT INDIVIDUALS	21015	6153138	0.81
TRUSTS	1	10	0.00
Total:	22298	760350140	100.00

xi) Dematerialisation of Shares:

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. As on 31st March 2015, 99.98 % of the Company's Shares representing 76,02,18,178 equity shares were held in dematerialised form and the balance 0.02 % representing 1,31,962 shares were in the physical form.

xiii) Address for correspondence:

Registered Office is situated at:
HMT Bhavan, No.59, Bellary Road,
Bangalore - 560 032,
Karnataka, India.

xii) Plant Locations

The Company's plants are located at Pinjore in Haryana, Hyderabad in Telangana and Aurangabad in Maharashtra, the addresses of which are given below:

Pinjore - 134101

Dist. Panchkula, Haryana

Narsapur Road,
HMT Township P.O., Telangana - 500 854

H-2, MIDC, Chikalhana I.A,
Post Box No. 720, Aurangabad - 431 210

ANNEXURE TO THE DIRECTORS' REPORT
1. Conservation of Energy:

Energy Conservation Measures implemented are as follows :

- Portable Compressors are being run when less air is required
- Compressed air leakages plugged, resulting in switching off one compressor of 120 HP motor.
- Tube light fittings, Fans and compressors are being switched off during lunch break and whenever not required.
- Air compressor in foundry run only after accumulation of moulding load.
- Work pre-planned for optimum utilization of heat treatment furnaces and paint plant.
- Loading of machines pre-planned.

2. Technology absorption:

Technology enhancement /absorption in Tractor division is as under :

- Engine up-gradation (phase –I) with technical assistance from ARAI, Pune: Acceptance test of all four engines of 27, 37, 40 and 45 HP completed. Type Approval Test has been taken up.
- Development of 25KVA silent DG Set Engine as per new CPCB Emission norms is under progress at ARAI, Pune.
- Design released for Introduction of Dust Boot in gear shifting arrangement to avoid entry of dust and water in Gear Box.
- Release of modified design for 540 PTO RPM at 1600 Engine RPM in 25 to 50 HP tractors for Rotavator Application.
- Design modification for easy PTO shifting for 25-50 HP and 65 HP tractors released.

Design released for side gear shifting for PTO & high/ low levers for 25 – 50 FX & DX tractors.

3. Segment wise / Product wise performance:

HP Segment	2014-15	2013-14	2012-13
21-30	91	125	239
31-40	807	921	1310
41-50	122	241	265
Above 50	107	201	191

4. Performance Highlights for the year 2014-15
Operations:

- Introduction and continuous procurement of CEAT make tyres for all sizes and models, stopping complete procurement from Birla make from May' 2014 onwards, thus meeting the most urgent need of Marketing.
- Development and procurement of common MITA lifts for FX and DX models (2522 to 5022). Pilot supplies were given in January' 2015
- Proto supplies of MITA lifts for 6522 model were also developed and procured in February' 2015. Regular procurement will take place after getting satisfactory performance report from R&D / Assembly.
- Machining of 3-Bore Crankcase for M/s ACE Ltd., Palwal (Haryana) taken up in the Crankcase Manufacturing Line of TRP during the year from December' 2014. Till 31st March' 2015, total 406 nos crankcases delivered successfully and generated a revenue of Rs.27.54 Lakhs.
- Alternate sources for critical single source items viz. Hydraulic pump assembly, Power steering pump assembly and Ball screw assembly etc. were successfully developed and regular supplies are being received.
- As per marketing requirements, SINGLE PIECE BONNET OF 6522 model was developed and introduced and nearly 30 sets have already been received since mid Feb, 15.

Research & Development:

Consistent development of Products for the market expectations can bring about innovations and product offerings which will further enhance the customer reach. Investments made in R&D will benefit in increasing the Turnover.

R&D Expenditure during 2014-15 stands at Rs. 285 lakhs.

Description	2014-15	2013-14
Capital	Nil	Nil
Recurring	285	231
Total	285	231
Total R&D Expenditure as % of Turnover 4.73%		

5. PLAN FOR 2015-16:

- Development of phase – II (55, 65 and 75 HP) Engines.
- Completion of development of HMT 25 KVA DG set Engine as per present CPCB Emission norms and launching of the same.
- Design and development of side gear shifting arrangement with synchromesh gear drive for 50,65 and 75 HP Tractor models.
- Adoption of MITA Hyd.lift assembly on 6522 Tractor model and another common MITA Hyd.lift assembly on FX /DX Tractor model.
- Boosting sales through Distributors – 5 nos. new distributors will be appointed.
- Dealers’ network would be further extended by appointing 30 nos. new dealers.
- Financial tie up with commercial banks for retail finance of Tractors.
- Participation in 20 nos. Agri. Fairs, Organizing 29 nos. sales campaigns and 65 no. free service camps and 41 other activities like local mechanic meet, farmers’ training camp – Total 155 such activities planned during 2015-16.
- Marketing Team to be strengthened by appointing local young contractual manpower.
- Engagement of skilled manpower in some areas on contract basis for maximum utilization of Plant / Production Capacity.
- Emphasis on Preventive Maintenance and Spares Management for Plant & Machinery to minimize breakdowns and Production Loss.
- Focus on Critical Tools, Jigs & Fixtures for smooth flow of In-House Manufactured components.
- Partial out sourcing of Heat Treatment operations due to limitation of SQF.
- Training of 300 employees in various areas like Productivity Improvement, Total Quality Management, Safety, Employee Development, Vigilance awareness etc
- Awarding contract for ISO 14001-2004 Certification.

ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2014-15 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2015.

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1.	<p>HMT LIMITED:</p> <p>CHO:</p> <p>No actuarial valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS – 15 "Employee Benefits". The amount of contribution to Provident Fund is Rs.26.30 Lakhs during the year under audit.</p>	<p>HMT Limited (Holding Company) has five Subsidiary Companies, viz., (1) HMT Machine Tools Limited, (2) HMT Watches Limited, (3) HMT (International) Limited, (4) HMT Bearings Limited and (5) HMT Chinar Watches Limited. The PF Trusts of various Units of the Subsidiary Companies are located in different locations, viz., Bangalore, Pinjore, Hyderabad, Kalamassery, Ajmer, & Srinagar. Further, combination of two or more Subsidiary Companies' PF accounts are being maintained by single PF Trust.</p>
1.	<p><u>Tractor Division, Pinjore:</u></p> <p>No actuarial valuation has been obtained with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to Rs.2,174.38 Lakhs.</p>	<p>Further, the HMT Watch Factory Ranibagh PF Trust had been taken over by Regional PF Commissioner's Office w.e.f. 01.09.2010.</p> <p>For implementing Accounting Standard bifurcation of income & expenditure, assets & liabilities of PF Trust is required and since in the PF Trust Account, income & expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such , it is very difficult to bifurcate the same. However all out efforts are being made to compile the required information for the purpose of actuarial valuation.</p>
2.	<p>The amount of Gratuity Provision (Unfunded) to be recognized in Balance Sheet as per actuarial valuation report is Rs.6,842.12 Lakhs. Whereas as per Note No. 5 & Note No. 9 the aggregate provision amounts to Rs.6,857.34 Lakhs.</p>	<p>The Company has separate Gratuity Trust. The Gratuity Trust has taken a Group Gratuity Policy with LIC to cover amounts up to Rs.50,000/- per eligible employee in respect of HMT Limited, HMT Machine Tools Ltd, HMT Watches Ltd and Chinar Waches Ltd. As per the Actuarial Valuation, the funds available with LIC is sufficient to meet the liability as on 31.03.2015.</p> <p>However, the Un-funded part to cover over & above Rs.50,000/- is accounted in the respective Company accounts as a percentage to Salaries / Wages, based on Actuarial valuation done by LIC. Accordingly the provision of Rs.6857.34 lakhs is shown as per Note No.5 & 9.</p> <p>Whereas the Un-funded Gratuity provision as per actuarial valuation by LIC is Rs.6842.12 with a minor difference of Rs.15.22 Lakhs which is only 0.22%.</p>

for and on behalf of the Board of Directors

Place : Bangalore
Dated : 10-08-2015

(S.Girish Kumar)
Chairman & Managing Director

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

as on the financial year ended 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L29230KA1953PTC0748
- ii) Registration Date : 7th February, 1953
- iii) Name of the Company : HMT LIMITED
- iv) Category/Sub-Category of the Company : Company Limited by Shares / Union Government Company
- v) Address of the Registered office and contact details : HMT Bhavan, 59, Bellary Road. Bangalore – 560 032
Ph.: 91-80-23330333
Fax: 91-80- 23339111
- vi) Whether listed company Yes/No : Yes, on NSE& BSE
- vii) Name, Address and Contact details of Registrar and Transfer Agent : Karvy Computershare Private Ltd
46, Avenue 4, Street, Banjara Hills,
Hyderabad - 500 034.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Tractors	351105000	90%
2.	Food Processing Machinery	353904000	10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ Joint Venture	% of shares held associate
1	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary	100
2	HMT Watches Limited	U33301KA1999PLC025573	Subsidiary	100
3	HMT Chinar Watches Limited	U29190JK2000PLC002088	Subsidiary	100
4	HMT Bearings Limited	U29130TG1964FLC001023	Subsidiary	99.37
5	HMT (International) Limited	U33309KA1974PLC002707	Subsidiary	100
6	SUDMO-HMT	U05190KA1998PLC024253	Joint Venture	50

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Cate-gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				
		Demat	Physical	Total	& of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	100	18900	19000	0.00	100	18900	19000	0.00	0.00
(b)	Financial Institutions /Banks	41555		41555	0.01	4412		4412	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	243700	100	243800	0.03	36711	100	36811	0.00	0.03
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	290620	19000	309620	0.04	46488	19000	65488	0.01	0.03
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	69054859	800	69055659	9.08	69187712	800	69188512	9.10	-0.02
(b)	Individuals									
(i)	Individuals holding nominal share capital upto Rs.1 lakh	5902053	112739	6014792	0.79	5707585	112162	5819747	0.77	0.03
(ii)	Individuals holding nominal share capital in excess of Rs.1 lakh	469180	0	469180	0.06	710867	0	710867	0.09	-0.03
(c)	Others									
	CLEARING MEMBERS	120952	0	120952	0.02	153168	0	153168	0.02	0.00
	NON RESIDENT INDIANS	64801	0	64801	0.01	97222	0	97222	0.01	0.00
	TRUSTS	10	0	10	0.00	10	0	10	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	75611855	113539	75725394	9.96	75856564	112962	75969526	9.99	-0.03
	Total B=B(1)+B(2) :	75902475	132539	76035014	10.00	75903052	131962	76035014	10.00	0.00
	Total (A+B) :	760217601	132539	760350140	100.00	760218178	131962	760350140	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	760217601	132539	760350140	100.00	760218178	131962	760350140	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	%of Shares Shares of the company	%of Shares Pledged / encumbered to total shares	
1	President of India	684315126	90%	NIL	684315126	90	NIL	NA

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
At the beginning of the year	684315126	90%	684315126	90%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the End of the year	684315126	90%	684315126	90%

(IV) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	NAME/JOINT NAME(S)	HOLDING	% TO EQT
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	8.88
2	UDAYANKUMAR N KOTHARI / NEETA U KOTHARI	100168	0.01
3	KARVY STOCK BROKING LTD	68283	0.01
4	PACE STOCK BROKING SERVICES PVT LTD	54411	0.01
5	FORTUNE CREDIT CAPITAL LTD	50000	0.01
6	RAJU R. BAXI	45439	0.01
7	UDAYANKUMAR N KOTHARI	44815	0.01
8	SRL IMPEX PVT LTD	40000	0.01
9	THE NEW INDIA ASSURANCE COMPANY LIMITED	36711	0.00
10.	BONAZAPORTFOLIO LTD	29746	0.00
	TOTAL:	68008187	8.95

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

For each of the Directors and KMP excluding deposits	Secured Loans Loans	Unsecured	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2014</i>				
i) Principal Amount	3154.93	6672.50		9827.43
ii) Interest due but not paid	-	1418.10	-	1418.10
iii) Interest accrued but not due	-	144.64		144.64
Total (i+ii+iii)	3154.93	8235.24	-	11390.17
Change in Indebtedness during the financial year				
*Addition	-	1946.00	-	1946.00
*Reduction	128.09			128.09
Net Change	128.09	1946.00	-	1817.91
<i>Indebtedness at the end of the financial year 31.03.2015</i>				
i) Principal Amount	3026.84	8618.50	-	11645.34
ii) Interest due but not paid	-	2200.60		2200.60
iii) Interest accrued but not due	-	233.32		233.32
Total (i+ii+iii)	3026.84	11052.42	-	14076.26

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

<i>Sl. no.</i>	<i>Particulars of Remuneration</i>	<i>Name of MD/WTD/ Manager</i>	<i>TotalAmount</i>
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Shri. Antony Chacko	252638
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission - as % of profit - others, specify...		-
5.	Others - Medical		50012
	Total (A)		302650
	Ceiling as per the Act		-

B. Remuneration to other Directors:

Independent Directors : The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint Independent Directors to constitute mandatory committees and further to appoint a woman Director to comply with listing requirements and Companies Act 2103

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Antony Chacko DOP up to May 2014	SUBASH B K Company Secretary from June 20, 2014	Total Rs.
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	302650	608679	911329
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others, please specify			
	Total	302650	608679	911329

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Due to absence/inadequacy of profits the Company Could not take up any CSR Projects for the year 2014-15

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2015**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To

The Members**M/s. H.M.T. Limited****(CIN: L29230KA1953PLC000748)****HMT Bhavan, 59, Bellary Road,
Bangalore - 560 032**

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

Management's Responsibility for Secretarial Compliances:

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

Auditor's Responsibility:

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents

and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2015 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. H.M.T. Limited for the financial year ended on 31st March 2015 according to the provisions of:

1. The Companies Act, 2013 and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') to the extent applicable to the company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were reported during the year.**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**
- f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorised Category I Registrar and Share Transfer Agent.**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No de-listing was done during the year**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Board and general meetings issued by The Institute of Company Secretaries of India (Since these Secretarial Standards have come into effect from 1st July 2015), not applicable to the Company during the audit period under review.
- b. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to me, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, subject to the following:

- ***During the year under review, the company did not have the required number of non-executive directors, Independent Directors and atleast one woman director as on 31st March 2015 in terms of Section 149(1)/(4) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.***

However, we were informed that M/s. H.M.T. Limited is a Government company under the administrative control of Ministry of Heavy Industries & Public Enterprises. The nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Department of Heavy Industry Guidelines. The subject matter of nomination / appointment of adequate number of Independent directors including woman director falls under the purview of the Government of India. The Company has communicated to the Administrative Ministry with respect to the requirements and were informed of actions initiated to fulfil the requirements.

- ***The Company has not appointed Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review.***
- ***The Company has not constituted any of the following Committees:***
 - a. ***Audit Committee.***
 - b. ***Remuneration and Nomination Committee.***
 - c. ***Shareholders Grievance Committee.***
 - d. ***Vigil Mechanism.***
 - e. ***Risk Management Committee.***

- ***The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2013-14, within 60 days from the end of the financial year (Clause 41 of the Listing Agreement).***
- ***Filing of requisite forms on the MCA Portal, for some of the Directors, whose nominations are withdrawn by the Government of India have not been done so far.***
- ***No actuary valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS-15 "Employee Benefits".***

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that:

- a. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for

D VENKATESWARLU

Company Secretary

ACS No. 15683: C P No. 7773

Place: Bangalore

Date: 10th August 2015

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

“Annexure A”

To

The Members

M/s. HMT Limited

(CIN: L29230KA1953PLC000748)

HMT Bhavan, 59, Bellary Road,

Bangalore - 560 032

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

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

Place: Bangalore

Date: 10th August 2015

D VENKATESWARLU

Company Secretary

ACS No. 15683: C P No. 7773

ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2014-15 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2015.

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1.	<i>During the year under review, the company did not have the required number of non-executive directors, Independent Directors and atleast one woman director as on 31st March 2015 in terms of Section 149(1)/(4) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.</i>	<i>As observed by the Audit, H.M.T. Limited is a Government company under the administrative control of Ministry of Heavy Industries & Public Enterprises, the nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Department of Heavy Industry Guidelines. The subject matter of nomination / appointment of adequate number of Independent directors including woman director falls under the purview of the Government of India. The Company has requested the Administrative Ministry to appoint Independent Directors and also Woman Director to comply with the provisions of Companies Act 2013 and Listing requirements.</i>
2.	<i>The Company has not appointed Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review</i>	<i>Additional Charge of the post of the Director Finance given to Shri P.Sivarami Reddy on 26.05.2014 which extended upto 25.5.2015. Since, Director Finance is the de-facto CFO there is no violation as observed by Audit.</i>
3.	<i>The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2013-14, within 60 days from the end of the financial year (Clause 41 of the Listing Agreement).</i>	<i>The Stock Exchanges were informed that the Company's Subsidiaries viz., HMT Machine Tools Ltd, HMT Watches Ltd, HMT Chinar Watches Ltd, HMT Bearings Ltd are loss making Companies and the units are located at different places across India. There was delay in finalization of the accounts of these Subsidiaries and accordingly Audit. Therefore. there was delay in finalization of the consolidated financial statements and submission of same to Stock Exchanges.</i>

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
4.	<p>The Company has not constituted any of the following Committees:</p> <ul style="list-style-type: none">• Audit Committee.• Remuneration and Nomination Committee.• Shareholders Grievance Committee.• Vigil Mechanism.• Risk Management Committee.	<p>Consequent to change/cessation of Directors on the Board, the Government has been requested to appoint Independent Directors to comply with the Listing requirements and provisions of Companies Act, 2013. The mandatory committees will be constituted immediately after appointment of independent directors on the Board of the Company</p>
5.	<p>Filing of requisite forms on the MCA Portal, for some of the Directors, whose nominations are withdrawn by the Government of India have not been done.</p>	<p>The observation of Secretarial Auditor is noted. Action will be taken to rectify the same.</p>
6.	<p>No actuary valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS-15 "Employee Benefits".</p>	<p>This point has been replied in Addendum to Directors' Report in respect of observations made by Statutory Auditors.</p>

Place: Bangalore
Dated: 10.08.2015

(S.Girishkumar)
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of HMT Limited,

We have examined the compliance of conditions of Corporate Governance by HMT Limited for the year ended on 31st March 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations and made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. DOKANIA S.KUMAR & CO.
Firm Registration Number : 322919E
CHARTERED ACCOUNTANTS

(CA. Sushil Kumar Dokania)
Partner
Membership No. 057020

Place: Howrah
Date : 09/07/2015

DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR

WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that:

The Company has adopted a Code of Conduct for its employees including the Chairman & Managing Director and Senior Management. A Code of Conduct for the Board Members and Senior Management and for the Part-time Directors has been approved by the Board.

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

All Board Members, both Full time and Part-time and the Senior Management have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2015.

(S. Girish Kumar)
Chairman & Managing Director

Place: Bangalore
Date: 09/07/2015

CEO & CFO CERTIFICATION

This is to certify to the Board of Directors of HMT Limited that:

- a) We have reviewed the financial statements and the cash flow statement for the year 2014-15 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee that :
 - i. No significant changes in internal control over financial reporting during the year;
 - ii. No significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements; and
 - iii. no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For HMT Limited

Bengaluru

P.Sivarami Reddy
DFN/CFO

S.Girish Kumar
CMD/CEO

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HMT Limited,
Bangalore

Report on the Standalone Financial Statements:

We have audited the accompanying standalone financial statements of HMT Limited (the Company), which comprises of the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, annexed hereto in which are incorporated the accounts of Corporate Head Office audited by us and the accounts of Tractor Division-Pinjore, Food Processing Unit-Aurangabad and Common Service Division-Bangalore audited by the Branch Auditors appointed by the C&AG of India, has been forwarded to us as required by the Companies Act, 2013, which have been dealt with while preparing our report in the manner considered necessary by us.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to

the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Basis of our Qualified Opinion**CHO:**

1. No actuarial valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS – 15 “Employee Benefits”. The amount of contribution to Provident Fund is ₹ 26.30 Lakhs during the year under audit.
2. The amount of Gratuity Provision (Unfunded) to be recognized in Balance Sheet as per actuary valuation report is ₹ 6,842.12 Lakhs. Whereas as per Note No. 5 & Note No. 9 the aggregate provision amounts to ₹ 6,857.34 Lakhs.

Tractor Division, Pinjore:

1. No actuarial valuation has been obtained with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to ₹ 2,174.38 Lakhs

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other Branch Auditors, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flow for the year ended on that date,

Other Matters:

1. We did not audit the financial statements of certain branches/units. These have been audited by other Branch Auditors whose reports have been furnished to us and our opinion is solely based on the reports of Other Branch Auditors.
2. The financial statements of Lamp Division have been merged with CHO Accounts and our report insofar as it relates to the amounts included in respect of this Division is based solely on Closing Balances of Last Year’s Financial Statement of CHO Accounts.

3. The Physical share certificates for 26,08,99,037 Equity Shares of M/s. HMT Machine Tools Ltd having value of ₹ 26,089.90 Lakhs and 4,43,00,000 Preference Shares of M/s. HMT Machine Tools Ltd having value of ₹ 44,300.00 Lakhs are not in the possession of the Company.
4. Payments to third parties are being made relating to SUDMO-HMT Engineering (India) Ltd, an associate, are paid by the Company against which it receives the reimbursements from them.
5. The Branch Auditors of Tractor Division, Pinjore have

Reported the following other matters:

- a) Balance in Current Maturities of GOI Loans – Statutory Dues and Working Capital and Bridge Loan as given in Note – 9 of Balance Sheet amounting ₹ 2148.64 Lakhs has been given and we have relied on the basis of the Certificate received from the Management.
- b) During the year 2014-15, the Management has declared doubtful debts amounting ₹ 4410.10 Lakhs which is very high in percentage and full provision has been made in the Profit & Loss Account and accordingly, provision has been made of interest receivable on debts amounting ₹ 4756.73 Lakhs and we have relied upon the certificate obtained from the Management.
- c) During the year 2014-15, the provision for obsolescence has been shown by the Company amounting ₹ 438.29 Lakhs and we have relied upon the Certificate received from the Management of the Company. These matters give an unmodified opinion on Financial Statements of the unit.

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143 (5) of the Act, our submissions are as under:
 - a. we give in the Annexure ‘A’, a statement on the compliance to Directions issued by the Comptroller and Auditor General of India
 - b. we give in the Annexure ‘B’, a statement

- on the compliance to specific sub directions issued by the Principal Director, Commercial Audit and Ex-Officio Member, Audit Board, Hyderabad
2. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'C', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 with an exception to those mentioned in the paragraph of Basis for Qualified Opinion and Other matters;
 - e) on the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statement as referred to in Note No. 39 (A) to 39 (E) to the Financial Statement.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts; and
 - iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s. DOKANIA S.KUMAR & CO.
Firm Registration Number : 322919E
CHARTERED ACCOUNTANTS

(CA. Sushil Kumar Dokania)
Partner
Membership No. 057020

Place: Howrah
Date: 09 -07-2015

ANNEXURE 'C' TO THE INDEPENDENT AUDITORS REPORT

- I. 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 Company has a regular programme of physical verification of its moveable fixed assets by which they are verified in a phased manner over a period of three years. In accordance with the programme, some fixed assets have been verified during the year and management has confirmed that no material discrepancies were noticed on such physical verification when compared with the book records. In our opinion, the periodicity of three years is reasonable having regard to the size of the Company and the nature of its assets.
- II. a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory and management has confirmed that no material discrepancies were noticed on such physical verification when compared with the book records.
- III. a) As informed to us, the company has granted loans to the bodies corporate, but has not maintained a register U/s 189 of the Companies Act, 2013.
- b) In the case of granting of loans to body corporates, the borrowers have been regular in the payment of interest. The terms of agreements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, Sub-Clause (b) of the Clause (iii) of the Paragraph 3 of the Order is not applicable.
- c) According to the information given to us, there are no overdue amounts more than Rupees One Lakh in respect of the loans granted to the bodies corporate.
- IV. 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 nature of its business for the purchase of inventory and fixed assets and for the sale of its goods and services. During the course of our audit, we have not observed any continuous failure to correct major weakness in internal control system.
- V. According to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Hence, the provisions relating to this clause of the order are not applicable.
- VI. The Company has maintained cost records pursuant to the Rules made by the Central Government under Section 148 (1) of the Act. On the broad review of the accounts by the Branch Auditors of Tractor Division-Pinjore prima facie they are of the opinion that the prescribed accounts and records have been made and maintained. The respective Branch Auditors of Food Processing Unit, Aurangabad have broadly reviewed such records and prima facie, they are of the opinion that the prescribed accounts and records have been made and maintained. Maintenance of Cost records is not prescribed at Corporate Head Office and Common Service Division.
- VII. In respect of Statutory Dues:
- a) According to the information & explanations given to us and on the basis of examination of

the records of the company, undisputed Statutory dues including provident fund, employees' state insurance, income tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have been generally regularly deposited with the appropriate authorities.

There are no outstanding amounts of Statutory dues on account of as on the last date of the Financial Year concerned for a period of more than 6 months from the date they became payable except the following:

The records of CHO, report the irregularities as under:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (₹)	Period to which amount related
1.	Income Tax*	TDS Defaults	349613.95	2014 – 15
2.	Income Tax*	TDS Defaults	1882503.25	2013- 14
3.	Income Tax*	TDS Defaults	2059936.74	2012-13
4.	Income Tax*	TDS Defaults	180257.95	2011-12
5.	Income Tax*	TDS Defaults	5182992.87	Prior Years
6.	Greater Hyderabad Municipal Corporation	Property Tax	5218224.00 7815398.00 4776018.00	Previous Years Arrear Penalty Current Tax
	TOTAL		37464944.76	

* Income Tax Website

The auditors of Tractor Division, Pinjore reports the irregularities as under:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (₹)	Period to which amount related
1.	Pinjore Sales Tax	Interest on Demand	21773033.00	2001-02 to 2005-06
2.	Sales Tax	Sales/ VAT Tax	2001521.00	November 2013 -September 2014
3.	CPF	Provident Fund	49849972.00	Nov 2013 – Sept 2014
4.	EPF	Provident Fund	52246226.00	Nov 2013 – Sept 2014
5.	EPS	Provident Fund	3718381.00	Nov 2013 – Sept 2014
6.	VPF	Provident Fund	28928500.00	Nov 2013 – Sept 2014
7.	PF Loan and Interest	Provident Fund	53935211.00	Nov 2013 – Sept 2014
8.	Professional Tax	Professional Tax	10200.00	Nov 2013 – Sept 2014

- b) According to the information & explanations given to us, there are no dues outstanding with respect to income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax or cess on account of any disputes. However, according to the information and explanations given to us, the following dues of Sales Tax have not been deposited by the Company on account of disputes:

The Branch Auditors of Food Processing Unit, Aurangabad have reported that there is dues of Sales Tax on account of dispute and the details are as under:

Sr. No.	Name of Authority	Amount (₹ Lakhs)	Period
1.	Appeal before	2.96	1989-90
2.	Joint Commis-	39.05	1999-00
3.	sioner (Appeal),	25.71	2000-01
4.	Aurangabad	14.78	2001-02
5.		13.48	2003-04
6.		9.35	2004-05
		105.33	

- c) According to the information and explanations given to us, no amounts were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

VIII The accumulated losses of the Company are ₹ 95,828.07 Lakhs (Previous Year-₹86,024.58 Lakhs) at the end of financial year. The Company has incurred cash losses of ₹ 9,385.31 Lakhs during the financial year covered by our audit and no cash losses were incurred in the immediately preceding financial year. The said accumulated losses are more than 50% of its net worth as at the end of the financial year.

IX. In our opinion and according to the information and explanations given to us, the company has not continued defaults in repayment of dues to the financial institutions or banks or Govt of India. Hence, the provisions relating to this clause of the order are not applicable.

X. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence, the provisions relating to this clause of the order are not applicable.

XI According to the information and explanations given

to us by the management and on overall examination of the Balance Sheet, no term loans were taken by the company. Hence, the provisions relating to this clause of the order are not applicable.

XIII. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year. Hence, the provisions relating to this clause of the order are not applicable.

For M/s. DOKANIA S.KUMAR & CO.
Firm Registration Number : 322919E
CHARTERED ACCOUNTANTS

(CA. Sushil Kumar Dokania)
Partner
Membership No. 057020

Place: Howrah
Date: 09/07/2015

Annexure 'A' to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2015, we report that:

Sl. No.	Directions	Auditor Observations
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The Company has not been selected for disinvestment.
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No such cases have been noticed by us. The Auditors of Tractor Division, Pinjore have reported: The Unit has written off debts worth ₹346.90 Lacs during the Financial Year 2014-15 after obtaining approval from the Board of Directors.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	No inventories are maintained at CHO Level. Proper records have been maintained for assets received as gift from Govt. or other authorities. As per the Report of Branch Auditors, proper records have been maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
4.	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per explanations given to us, there are no pending legal/ arbitration cases at the CHO Level. The age wise analysis of pending legal/ arbitration cases of Other Units are enclosed in 'Annexure A-1'

Annexure 'A-1' to the Annexure 'A' of the Independent Auditors' Report

The Annexure referred to in Annexure 'A' to our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2015:

As per Audit Report of Tractor Division, Pinjore:

Year of Lodgement	No. of Cases	Reason for Pendency
2014-15	8	Not provided by the Branch Auditor
2013-14	24	Not provided by the Branch Auditor
2012-13	20	Not provided by the Branch Auditor
Prior to 2012-13	114	Not provided by the Branch Auditor

As per Audit Report of Food Processing Unit, Aurangabad:

Year of Lodgement	No. of Cases	Reason for Pendency
3331/1995	1	As a result of legal process
56/2002	1	As a result of legal process
272/2002	1	As a result of legal process
115/2010	1	As a result of legal process
21063/2012	2	As a result of legal process

As per Audit Report of Common Service Division:

Year of Lodgement	No. of Cases	Reason for Pendency
OS 4916/2004	1	Cases being argued as time barred debts and hearing continued. NDOH for further evidence during 3 rd June, 2015 (out of court settlement is being explored)
SLP 13010/2006	1	Last Listed on during July, 2011
214/2006	1	Argument Stage. Next date of hearing on 01.06.2015
WA 4151/09 arising out W P No. 4166/08	1	Writ Appeal admitted on 20.10.2010 listed on 18.02.2015, case put up for another bench.
2011	1	Writ petition to be filed in High Court or Dispute before Registrar of Co. Op. Society
MA 51/2013	1	Next Date of hearing on 20.06.2015
MA 50/2013	1	Next Date of hearing on 20.06.2015
CA 387/2013	1	Not yet listed

Annexure 'B' to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2015, we report that:

Sl. No.	Directions	Auditor Observations
1.	Examine and Comment on Compliance of Accounting Standard – 15 w.r.t. actuarial valuation of provident fund and adequacy of liability provision towards the same	<p>No actuarial valuation of provident fund is being obtained by the Company.</p> <p>The Auditors of Tractor Division, Pinjore have reported: During the financial year 2014-15 actuarial valuation has not been obtained by the Company with regard to provident fund and outstanding amount has been shown amounting to ₹ 2,174.38 Lacs</p>
2.	Examine and comment on the sufficiency and consistency of Accounting Policy of the company for revenue recognition w.r.t. compliance with the provisions of Accounting Standard-9 (Revenue Recognition)	<p>At Corporate Head Office Level, Accounting Standard – 9 has been properly complied with.</p> <p>The Auditors of Tractor Division, Pinjore: The Unit is sufficiently and consistently following the Accounting Policy of the Company for Revenue Recognition as per AS-9.</p> <p>The Auditors of Food Processing Unit, Aurangabad: The Unit has been consistently following completed sales and service contract method for recognition of revenue.</p> <p>As per Audit Report of Common Service Division: The unit has been consistently following completed service contract method of recognition of revenue</p>

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of financial statements of HMT Limited, Bangalore for the year ended on 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act, is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 09 July 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of HMT Limited, Bangalore for the year ended on 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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



(Pravindra Yadav)

**Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board
Hyderabad**

Place : Hyderabad

Date : 01 September 2015

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared as of a going concern, under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 and comply with the mandatory Accounting Standards prescribed under Section 133 of Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules 2014, the provisions of the Act (to the extent notified) and guidelines prescribed by the Securities & Exchange Board of India (SEBI).

Fixed Assets

Fixed Assets are stated at cost of acquisition or construction, net of Cenvat credit, less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

Land received free of cost from the State Governments has been nominally valued and incidental expenditure incurred thereon has been capitalized.

Expenditure on development of land is included in the cost of land.

Assets taken on Finance Lease are capitalized at fair value / NPV / contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on "Depreciation". If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Lease payments made for assets taken on Operating Lease are recognized as expense over the lease period.

Expenditure incurred on Reconditioning of plant, machinery and equipment which increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the Gross Book Value which results in:

- (a) Modification of an item of plant to extend its useful life, including increase in its capacity;

- (b) Upgrading machine parts to achieve a substantial improvement in the quality of out-put; and
- (c) Adoption of new production processes enabling a substantial reduction in previously assessed operating costs.

The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is added to its gross block value.

The expenditure on Reconditioning of plant, machinery & equipment which do not increase the future benefits from the existing asset beyond the previously assessed standard of the performance based on the technical assessment, is charged off to Revenue.

Items of Capital Assets with WDV of ₹ 1 lakh and above, which have been retired from active use, are disclosed at lower of book value or net realizable value and shown separately in the Fixed Assets Schedule.

Depreciation

Depreciation on fixed assets is provided on straight line basis over the useful life of the various assets as prescribed in Schedule II to the Companies Act, 2013, pro-rata with reference to the date of addition or deletion. As and when assets gets fully depreciated, ₹ 1/- is retained as book value of the asset. Assets costing less than ₹ 10,000/- shall be depreciated to ₹ 1/- in the year of purchase.

Depreciation on fixed assets is calculated on a pro-rata basis from the date of such addition or as the case may be up to the date on which such asset is sold, discarded or destroyed.

Useful life specified in the Schedule is for whole of the asset. Where cost of a part (component) of the asset is significant to total cost of asset and useful life of that part is different from the useful life of the remaining asset:-

- a. If addition / replacement of the part (component) enhances the useful life / capacity of the asset, the useful life shall be reassessed & accordingly depreciation to be provided;
- b. If the addition / replacement of the part (component) does not enhance the useful life / capacity of the asset, the same shall be charged to P&L.

Premium for leasehold land is amortized equally over the period of lease.

Investments

Investments are either classified as current or long-term. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Gain or loss is recognized in the year of sale.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of materials is ascertained by adopting Weighted Average Cost Method.

Revenue recognition

Sales are set up based on:

Physical delivery of goods to the customer / customer's carrier /common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.

LR/GR obtained and endorsed in favour of customer (consignee 'self'), in case of FOR destination contracts.

Despatches to dealers/customers in respect of Machines & Tractors.

Sales include Excise Duty but are net of trade discount and exclude sales tax.

Foreign currency transactions

Transactions in foreign currency are recorded in Indian rupee by applying to the foreign currency amount the exchange rate existing at the time of the transaction.

The outstanding balances of monetary items relating to foreign currency transactions are stated in Indian rupee by adopting the rate of exchange prevailing at the date of Balance Sheet. Exchange differences consequent to reinstatement are credited / charged to revenue.

The gain or loss in the conversion and / or settlement of liabilities incurred for acquisition of fixed assets is either credited or charged to revenue during the period such gain or loss arise.

In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit or loss in the reporting period in which the exchange rate changes.

Borrowing costs

Borrowing costs are charged to revenue except those which are incurred on acquisition or construction of a qualifying asset that necessarily takes substantial time to be ready and until intended use of the said asset, such costs are capitalized.

Employee Benefits

Provident Fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the company.

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

Gratuity is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation. Annual contributions are made, to the extent required, to a trust constituted and administered by the Life Insurance Corporation of India under which the coverage is limited to ₹ 50,000/- per eligible employee. The balance provision is being retained in the books to meet any additional liability accruing thereon for payment of Gratuity.

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

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

Warranty

Warranty provision for contractual obligations in respect of machines/ tractors sold is set up based on the past experience and is provided in the year of sale.

Special Tools

Expenditure on manufactured and bought out special tools are amortized equally over a five year period or earlier, if scrapped. Individual items costing less than ₹ 750/- are written off fully in the initial year of acquisition / manufacture.

Income Tax

Taxes are determined following the tax effect accounting method and a provision therefore is recognized. A deferred tax asset or deferred tax liability is recorded to recognize

the tax effect on timing differences arising on reconciliation of profit/loss as per financial statements and profit/loss as per taxation.

Earnings per share

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

Government Grants

Government Grants are accounted when there is a reasonable certainty of their realization. Grants related to revenue, unless received as compensation for expenses / losses, are recognized as revenue over the period to which these are related on the principle of matching costs to revenue. Grants related to depreciable fixed assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve.

Intangible Assets

Intangible assets are capitalized at cost if

- (a) It is probable that the future economic benefits that are attributable to the asset will flow to the company,
- (b) The Company will have control over the assets, and
- (c) the cost of these assets can be measured reliably.

Technical Know-how

Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.

Software

The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

Research and Development Expenditure

Research Phase:

Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

Development Phase:

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method.

Impairment of Assets

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

Others

The amount of ₹ 50000/- per head received/receivable from LIC on account of gratuity claims in respect of employees separated under Voluntary Retirement Scheme during the year is accounted as Other Income.

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of ₹ 50000/-, Earned Leave Encashment (ELE), Settlement Allowance (SA) is debited to the respective provision accounts. The provision at the year-end for ELE and SA is restated as per the actuarial valuation done at the year-end. In case of ELE and SA, any short or excess provision is charged as expenditure or treated as provision no longer required.

Gratuity, Earned Leave encashment, Settlement Allowance and Lump sum Compensation paid to employees under Voluntary Retirement Scheme shall be fully written off in the year of incidence.

Expenses incurred in respect of Bonds issued for raising funds to meet payments made under the Voluntary Retirement Scheme are fully written off in the year of disbursement.

BALANCE SHEET AS AT 31ST MARCH 2015

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	18409.16	142035.01
(b) Reserves and Surplus	2	(82374.96)	(72571.47)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	3	-	44374.15
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	4	5831.30	4847.50
(b) Long-term Provisions	5	6317.52	6048.73
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	6	3456.84	3584.93
(b) Trade Payables	7	1996.68	3129.16
(c) Other Current Liabilities	8	15954.15	11665.06
(d) Short-term Provisions	9	5506.16	3850.74
TOTAL		143096.85	146963.81
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	10	2395.96	2810.92
(ii) Intangible Assets	10	-	20.56
(iii) Capital Work in Progress	10	4.30	-
(b) Non-current Investments	11	76389.86	76389.86
(c) Long Term Loans & Advances	12	349.36	322.61
2 CURRENT ASSETS			
(a) Inventories	13	3421.45	4343.01
(b) Trade Receivables	14	2090.30	3096.26
(c) Cash and Cash Equivalents	15	1798.43	4373.51
(d) Short-term Loans and Advances	16	55352.53	54517.99
(e) Other Current Assets	17	1294.66	1089.09
TOTAL		143096.85	146963.81

Significant Accounting Policies

See accompanying notes to the financial statements.

1 to 45

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

 As per our Report attached
 For M/s. DOKANIA S KUMAR & CO.
 F.R.N. 322919E
 Chartered Accountants

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director (Operations)

B. K. Subash
 Company Secretary

CA. Sushil Kumar Dokania
 Partner
 (Membership No.057020)

 Place: New Delhi
 Date : June 18, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in lakhs)

Particulars	Note No.	Year ended 31-03-2015	Year ended 31-03-2014
REVENUE			
Gross Revenue from Operations	18	6147.40	7970.58
Less: Excise Duty		119.05	126.23
Net Revenue from Operations		6028.35	7844.35
Other Income	19	3246.56	3018.38
Total Revenue		9274.91	10862.73
EXPENSES			
Cost of Materials Consumed	20	3232.32	5933.71
Purchase of Stock-in-Trade	21	337.57	385.50
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	649.85	(877.32)
Employee Benefits Expense	23	9978.35	9029.89
Finance Costs	24	1835.62	1433.69
Depreciation & Amortisation Expense	25	271.35	340.16
Other Expenses	26	2716.40	11518.93
Less: Jobs done for Internal use	27	(91.69)	(91.85)
Total Expenses		18929.77	27672.71
Profit / (Loss) Before Exceptional and Extrordinary items and Tax		(9654.86)	(16809.98)
Add : Exceptional Items	28	-	27500.23
Less : Prior Period Adjustments	29	1.80	108.21
Profit / (Loss) Before Tax		(9656.66)	10582.04
Tax Expense		-	1861.45
Profit / (Loss) for the Period		(9656.66)	8720.59
<u>Earnings Per Equity Share:</u>	33		
Equity Share of Nominal Value ₹10/- each			
Before Exceptional Items			
Basic & Diluted (In ₹)		-	(2.21)
After Exceptional Items			
Basic & Diluted (In ₹)		-	1.39
After Tax			
Basic & Diluted (In ₹)		(0.83)	1.15
Number of Shares in computing Earnings Per Share		1160325355	760350140

Significant Accounting Policies

See accompanying notes to the financial statements.

1 to 45

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

 As per our Report attached
 For M/s. DOKANIA S KUMAR & CO.
 F.R.N. 322919E
 Chartered Accountants

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director (Operations)

B. K. Subash
 Company Secretary

CA. Sushil Kumar Dokania
 Partner
 (Membership No.057020)

 Place: New Delhi
 Date : June 18, 2015

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
1	SHARE CAPITAL		
	AUTHORISED SHARE CAPITAL :		
	123,00,00,000 (Previous year 123,00,00,000) Equity Shares of ₹ 10/- each	123000.00	123000.00
	8,70,00,000 (Previous year 8,70,00,000) Preference Shares of ₹ 100/- each	87000.00	87000.00
		210000.00	210000.00
	ISSUED, SUBSCRIBED & PAID UP		
	120,40,91,640 (Previous year 76,03,50,140) Equity Shares of ₹10/- each	120409.16	76035.01
	4,43,00,000 (Previous year 4,43,00,000) 3.5% Redeemable Preference Shares of ₹100/- each	44300.00	44300.00
	2,17,00,000 (previous year 2,17,00,000) 8% Redeemable Preference Shares of ₹ 100/- each	21700.00	21700.00
		186409.16	142035.01

1.A During the year, 44,37,41,500 Equity Shares were allotted to the President of India on Conversion of Government of India Loans (Long Term & Current maturity). However, the Shares have not been issued pending in-principle approval from the National Stock Exchange.

1.B Out of the issued, subscribed & paid-up Equity shares, 3,18,85,900 (Previous year 3,18,85,900) shares are allotted as fully paid up for consideration other than cash.

1.C The details of Shareholders holding more than 5% Shares.

Name of the Shareholders	As at 31-3-2015		As at 31-03-2014	
	No. of Shares	% held	No. of Shares	% held
<u>Equity Shares:</u>				
Hon'ble President of India	1128056626	93.69	684315126	90
<u>3.5% Redeemable Preference Shares</u>				
Hon'ble President of India	44300000	100	44300000	100
<u>8% Redeemable Preference Shares</u>				
Hon'ble President of India	21700000	100	21700000	100

1.D The reconciliation of the number of shares outstanding is set out below :

Particulars	As at	As at
	31-03-2015	31-03-2014
	No. of Shares	No. of Shares
<u>Equity Shares:</u>		
Shares at the beginning of the year	760350140	760350140
Add: Shares Issued on account of Conversion of Loan from Govt of India	443741500	-
Shares at the end of the year	1204091640	760350140

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
	<u>3.5% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	44300000	-
	Add: Shares Issued under Revival Plan of HMT Machine Tools Ltd, a Subsidiary	-	44300000
	Shares at the end of the year	44300000	44300000
	<u>8% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	21700000	-
	Add: Shares Issued during in the year	-	21700000
	Shares at the end of the year	21700000	21700000
2	RESERVES AND SURPLUS		
	General Reserve		
	Opening Balance as per last Balance Sheet	13453.11	13453.11
	Balance in Statement of Profit & Loss		
	Opening Balance as per last Balance Sheet	(86024.58)	(94745.17)
	Add: Adjustments relating to Fixed Assets (Refer Note No. 10)	(146.83)	-
	Add: Profit/(Loss) for the year	(9656.66)	8720.59
	Net Surplus/(Deficit) in the Statement of Profit & Loss	(95828.07)	(86024.58)
	TOTAL	(82374.96)	(72571.47)
3	SHARE APPLICATION MONEY PENDING ALLOTMENT		
	Towards Conversion of GOI Loans into Equity Share Capital under Revival Plan of HMT Limited, approved by Govt. of India. (Share Deposit)	-	44374.15
		-	44374.15
4	LONG TERM BORROWINGS		
	SECURED	-	-
	UNSECURED		
	Loans from Government of India with interest @ 7% to 15.5%, repayable in 1-5 equal annual installments from the date of drawal of loan	4844.80	3861.00
	Amount of continuing default ' Nil (Previous year ' Nil)		
	Loans from Dena Bank with interest @ 11.5% p.a upto 31.5.2013 and 15% p.a. till the the date of settlement		
	Amount of continuing default ' Nil (Previous year ' Nil)	986.50	986.50
	TOTAL	5831.30	4847.50

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
5	LONG TERM PROVISIONS		
	<u>Provision for Employee Benefits:</u>		
	Gratuity	5358.24	5190.04
	Earned Leave Encashment	667.32	587.44
	Settlement Allowance	291.96	271.25
	TOTAL	6317.52	6048.73
6	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credits	3026.84	3154.93
	UNSECURED		
	Loans from a Subsidiary	430.00	430.00
	TOTAL	3456.84	3584.93
	Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks. (Amount of continuing default ₹ Nil (Previous year ₹ 330.39 lakhs)		
7	TRADE PAYABLES		
	Acceptances	-	115.90
	Dues towards Goods purchased	1188.49	2616.52
	Dues to Micro, Small & Medium Enterprises	808.19	396.74
	TOTAL	1996.68	3129.16
7.A	The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:		
	Principal amount due and remaining unpaid	808.19	396.74
	Interest due on above and the unpaid interest	532.76	348.58
	Interest remaining due and payable in the succeeding year until the dues are actually paid	0.69	0.60
	Interest paid	-	-
7.B	Interest accrued and remaining unpaid at the end of the accounting year.	532.76	348.58
	2014-15	184.18	-
	2013-14	45.05	45.05
	2012-13	83.43	83.43
	2011-12	72.58	72.58
	2010-11	60.40	60.40
	2009-10	55.24	55.24
	2008-09	31.24	31.24
	2007-08	0.64	0.64

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
8	OTHER CURRENT LIABILITIES		
	Current maturities of Long-Term Debt		
	Loans from Government of India	2357.20	1395.00
	Interest accrued and due on borrowings		
	Government of India Loan	634.52	-
	Loan from Bank	1566.08	1418.10
	Interest accrued but not due on borrowings		
	Government of India Loan	233.32	144.64
	Dues to Subsidiary companies		
	HMT Chinar Watches Ltd	-	0.09
	HMT (International) Ltd	17.08	-
	Others		
	Advance received against sales	476.46	393.61
	Sundry Creditors - other dues	4209.01	3906.52
	Other liabilities	6460.48	4407.10
	TOTAL	15954.15	11665.06
9	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Gratuity	1499.10	-
	Leave Encashment	322.18	167.13
	Settlement Allowance	76.49	46.76
		1897.77	213.89
	Provision for Income Tax	1861.45	1861.45
	Provision for Contingencies	315.60	320.60
	Provision for Warranty	15.31	32.61
	Other Provisions*	1416.03	1422.19
	TOTAL	5506.16	3850.74

* Other Provisions include Provision towards 1992 Wage and Salary Revision.

NOTES FORMING PART OF BALANCE SHEET
10 FIXED ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01-04-2014	Additions	Deductions/ Adjustments	Balance as at 31-03-2015	Balance as at 01-04-2014	Depreciation during the year	Balance as at 31-03-2015	Balance as at 01-04-2014
I Tangible Assets								
Owned Assets:								
Land & Land Development	180.89	-	-	180.89	-	-	180.89	180.89
Buildings	2135.14	(18.39)		2116.75	1286.98	41.41	751.32	848.16
Plant and Machinery	10975.39	20.63	54.76	10941.26	9230.36	222.05	1451.92	1745.03
Furniture, Fittings & Office Appliances	459.90	0.99	0.58	460.31	433.29	5.70	3.81	26.61
Transport Vehicles	153.24		16.55	136.69	150.77	2.07	0.38	2.47
Sub - Total	13904.56	3.23	71.89	13835.90	11101.40	271.23	2388.32	2803.16
Leased Assets:								
Land-Leasehold	17.09	-	-	17.09	9.33	0.12	7.64	7.76
Total (A)	13921.65	3.23	71.89	13852.99	11110.73	271.35	2395.96	2810.92
II Intangible Assets								
Design & Prototype	27.58		27.58	-	7.02	(7.02)	-	20.56
Total (B)	27.58	-	27.58	-	7.02	(7.02)	-	20.56
Total (A) + (B)	13949.23	3.23	99.47	13852.99	11117.75	271.35	2395.96	2831.48
Previous Year	13937.08	12.17	0.02	13949.23	10777.61	340.16	2831.48	3159.47
Capital Work-in-Progress							4.30	-

Note:

- (a) Quantum of loss due to Impairment of Assets as per AS-28 - Nil
- (b) Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection.
- (c) Pursuant to enactment of the Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying amount is being depreciated over the remaining useful lives. The written down value of Fixed Assets whose lives were expired as at 1st April, 2014 have been adjusted, in the opening balance of Statement of Profit and Loss Account of ₹146.83 Lakhs. The Depreciation for the year is lower by ₹ 12.67 lakhs.

LAND

- 1 The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 822.67 acres, 30 acres and 660.75 acres respectively, nominally valued at ₹ 1/- each. The mutation of Title of land in the name of the Company is yet to be done.
- 2 The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- 3 In respect of lands at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to AP Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Andhra Pradesh. No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Andhra Pradesh, in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- 4 In respect of lands at Pinjore, Haryana, the Haryana State Government has issued an order for resumption of 446 acres of unutilised land, against which the Company has obtained a stay from the High Court of Punjab & Haryana against the said resumption order and the same is continuing. The Company has agreed and transferred about 5 acres of land to Haryana Irrigation Department at their request for construction of Kaushalya Dam and compensation for the same is yet to be recovered on account of pending mutation of title of land in Company's name, which is a subject matter of legal proceedings before the Punjab & Haryana High Court. Further, National Highways Authority of India has acquired about 11.73 acres of land for road widening project and compensation for the acquired land is awaited as the matter regarding mutation of title of land in Company's name is pending before the Punjab & Haryana High Court.

OTHERS

- 5 In Tractor Division-Pinjore: A Transport Vehicle with WDV of ₹ 1/- was lost due to theft and is to be written off. Factory Equipment with WDV ₹ 4/-, Office Equipment with WDV of ₹ 3/-, Electrical Equipment with WDV ₹ 13/-, Furniture and Fixtures with WDV ₹ 19/-, Computer & Data Processing Equipment with WDV ₹ 6/- were burnt during fire in store and be written off.

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
11	NON CURRENT INVESTMENTS		
	Long Term Investments (Unquoted) - Valued At Cost less Permanent Diminution in Value of Investments		
	TRADE INVESTMENTS	-	-
	IN EQUITY SHARES		
	30,00,000 (<i>Previous year 30,00,000</i>) Ordinary Shares of Naira 1/- each fully paid up in Nigeria Machine Tools Ltd, Nigeria.	171.55	171.55
	20,84,050 (<i>Previous year 20,84,050</i>) Equity Shares of ₹1/- each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar.	20.84	20.84
	1,60,800 (<i>Previous year 1,60,800</i>) Equity Shares of ₹ 10/- each fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad.	16.08	16.08
	In Equity Shares of Joint Venture		
	1,50,000 (<i>Previous year 1,50,000</i>) Equity Shares of ₹ 10/- each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore.	15.00	15.00
	In Equity Shares of Subsidiaries		
	7,20,000 (<i>Previous year 7,20,000</i>) Equity Shares [including 6,90,000 (<i>Previous year 6,90,000</i>) Bonus Shares] of ₹ 10/- each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00
	3,74,68,586 (<i>Previous year 3,74,68,586</i>) Equity Shares of ₹ 10/- each fully paid up in HMT Bearings Ltd., Hyderabad	3746.86	3746.86
	27,65,99,137 (<i>Previous year 27,65,99,137</i>) Equity Shares of ₹ 10/- each fully paid up in HMT Machine Tools Ltd, Bangalore	27659.91	27659.91
	64,90,100 (<i>Previous year 64,90,100</i>) Equity Shares of ₹ 10/- each fully paid up in HMT Watches Ltd., Bangalore (Wholly owned Subsidiary Company).	649.01	649.01
	16,60,100 (<i>Previous year 16,60,100</i>) Equity Shares of ₹ 10/- each fully paid up in HMT Chinar Watches Ltd., Jammu (Wholly owned Subsidiary Company).	166.01	166.01
	In Preference Shares of Subsidiaries		
	4,43,00,000 (<i>Previous year 4,43,00,000</i>) 3.5% Redeemable Preference Shares of ₹ 100/- each fully paid up in HMT Machine Tools Ltd, Bangalore (Wholly owned Subsidiary Company).	44300.00	44300.00
		76748.26	76748.26
	Less: Provision for diminution in value of Investment		
	Nigeria Machine Tools Ltd., Nigeria	171.55	171.55
	Gujarat State Machine Tools Corporation Ltd, Bhavnagar	20.84	20.84
	HMT Chinar Watches Ltd. Jammu	166.01	166.01
		358.40	358.40
	Total Non Current Investments	76389.86	76389.86
	Aggregate amount of Unquoted Investments	76389.86	76389.86

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
11.A	HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and have sought for exemption from payment of Stamp Duty from the State Government, pending receipt of order from the State Government , the Share Certificates for 3.5% Preference Shares are not yet issued to HMT Ltd.		
12	LONG TERM LOANS AND ADVANCES		
	Unsecured, Considered Good	349.36	322.61
	Capital Advance	-	-
		<u>349.36</u>	<u>322.61</u>
13	INVENTORIES*		
	Raw Materials and components	895.43	1170.51
	Material and components in transit	0.06	18.32
	Work-in-progress	1354.94	1818.88
	Finished goods #	877.90	1101.88
	Stock in Trade	427.10	382.14
	Stores and spares	52.67	68.48
	Tools and instruments	281.79	289.27
	Scrap	24.85	31.74
		<u>3914.74</u>	<u>4881.22</u>
	Less: Provision for Non-moving Inventories	493.29	538.21
		<u>3421.45</u>	<u>4343.01</u>
	* Includes stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / at site	-	8.56
	# Includes Excise Duty paid/payable	8.67	10.65
14	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	- Considered good	1988.66	2234.26
	- Considered doubtful	4458.77	4353
		<u>6447.43</u>	<u>6587.59</u>
	Less: Provision for doubtful debts	4458.77	4353.33
		<u>1988.66</u>	<u>2234.26</u>
	Others		
	Considered good	101.64	862.00
		<u>2090.30</u>	<u>3096.26</u>
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
15	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	3.34	3.57
	Balance with Banks in Current account	137.04	2793.50
	Balance with Banks in Deposit account*	1658.05	1576.44
		<u>1798.43</u>	<u>4373.51</u>
	* Deposits with Maturity Period Less than 3 Months as on 31st March	158.46	-
	* Deposits with Maturity Period More than 3 Months and Less than 12 Months	1499.59	1576.44
16	SHORT TERM LOANS AND ADVANCES*		
	UNSECURED		
	Loans to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	1148.68	1115.41
	HMT Watches Ltd	49416.41	48161.62
	Considered Doubtful		
	HMT Chinar Watches Ltd	8265.82	8108.91
		<u>58830.91</u>	<u>57385.94</u>
	Less:Provision for doubtful loans	<u>8265.82</u>	<u>8108.91</u>
	Sub-Total	<u>50565.09</u>	<u>49277.03</u>
	Advances to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	401.47	575.63
	HMT Watches Ltd	2403.87	2368.53
	HMT Chinar Watches Ltd	0.22	-
	HMT Bearings Ltd	80.30	89.36
	HMT (International) Ltd	-	34.06
	Sub-Total	<u>2885.86</u>	<u>3067.58</u>
	Advances Recoverable In Cash Or In Kind Or For Value to be received:		
	Secured		
	Considered Good	0.47	0.46
	Unsecured		
	Considered Good #	1740.68	1996.07
	Considered Doubtful	113.13	113.38
		<u>1853.81</u>	<u>2109.45</u>
	Less:Provision for Doubtful Advances	<u>113.13</u>	<u>113.38</u>
	Sub-Total	<u>1740.68</u>	<u>1996.07</u>

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
	Other Advances		
	Unsecured		
	Considered Good		
	Balance with Collectors of Customs, Central Excise, etc.,	2.71	5.90
	Deposits	121.20	150.06
	TDS Receivable	36.52	20.89
	Sub-Total	<u>160.43</u>	<u>176.85</u>
	TOTAL	<u>55352.53</u>	<u>54517.99</u>
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-
	# Includes advances to suppliers, prepaid expenses, MODVAT Credit to be availed, etc.		
17	OTHER CURRENT ASSETS		
	Special Tools	81.18	85.17
	Interest on Trade Receivable	5970.24	6190.76
	Less: Provision for interest on Trade Receivable	<u>4756.76</u>	<u>5186.84</u>
		<u>1213.48</u>	<u>1003.92</u>
	TOTAL	<u>1294.66</u>	<u>1089.09</u>
18	GROSS REVENUE FROM OPERATIONS		
	Sale of Products *		
	Tractors	4832.84	6241.07
	Food Processing Machinery	487.52	738.00
	Accessories	176.32	169.73
	Sale of Services		
	Sundry Jobs and Miscellaneous Sales	643.13	813.37
	Packing / Forwarding charges	7.59	8.41
	TOTAL	<u>6147.40</u>	<u>7970.58</u>

* Nett of Trade Discount

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
19	OTHER INCOME		
	Servicing Income	7.92	4.41
	Recoveries from Staff/Others	146.84	133.58
	Royalties from Subsidiaries	7.95	2.25
	Rent Received	501.28	437.25
	Profit on Sale of Assets	11.99	0.02
	Interest Income		
	On Bank Deposits	117.13	159.93
	Interest from subsidiaries on HC Loans	1463.96	1463.96
	Interest from Dealers/Others	127.29	271.53
	Dividend from Subsidiaries	7.20	14.40
	Provisions no longer required withdrawn	628.12	165.35
	Grant received from GOI	-	17.09
	Other Non Operating Income*	226.88	348.61
	TOTAL	3246.56	3018.38
	* Includes Training Expenses recovered, disposal of Scrap, Freight & Insurance Recoveries		
20	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	1170.51	976.73
	Purchases	2957.24	6127.49
		4127.75	7104.22
	Less: Closing Stock	895.43	1170.51
	Cost of Materials Consumed	3232.32	5933.71
20.A	PARTICULARS OF MATERIALS CONSUMED:		
	Steel	194.82	100.90
	Non-ferrous Metals	2.11	6.04
	Ferrous Castings	341.76	518.50
	Non-ferrous Castings	3.03	15.92
	Forgings	307.48	499.12
	Standard parts	108.80	374.80
	Components	2274.32	4414.16
	Others	-	4.27
	TOTAL	3232.32	5933.71

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
21	PURCHASES OF STOCK IN TRADE		
	Purchases of Tractor Spares	337.57	385.50
		<u>337.57</u>	<u>385.50</u>
22	CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS & STOCK IN TRADE		
	Finished Goods		
	Closing Balance	877.90	1101.88
	Opening Balance	1101.88	916.65
		<u>223.98</u>	<u>(185.23)</u>
	Scrap		
	Closing Balance	24.85	31.74
	Opening Balance	31.74	21.76
		<u>6.89</u>	<u>(9.98)</u>
	Work in Progress		
	Closing Balance	1354.94	1818.88
	Opening Balance	1818.88	1133.34
		<u>463.94</u>	<u>(685.54)</u>
	Stock in Trade		
	Closing Balance	427.10	382.14
	Opening Balance	382.14	385.57
		<u>(44.96)</u>	<u>3.43</u>
	TOTAL	<u>649.85</u>	<u>(877.32)</u>
	<u>Details of Work-in-Progress</u>		
	Tractors & its parts	1271.52	1689.94
	Food Processing Machines	83.42	128.94
		<u>1354.94</u>	<u>1818.88</u>
23	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	6474.64	6045.44
	House Rent Allowance	216.19	205.34
	Gratuity	1748.21	1315.07
	Contribution to PF & FPS	728.45	669.87
	Deposit Linked Insurance	17.32	11.13
	Contribution to ESI	0.60	0.94
	Welfare Expenses	792.94	782.10
		<u>9978.35</u>	<u>9029.89</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
	* Includes		
	- Wages for repairs to machinery	303.29	266.14
	- Payments relating to Directors (including Chairman & Managing Director)		
	Salaries	2.31	17.47
	Provident Fund	0.21	1.44
	Gratuity	0.50	2.92
	Medical	-	0.61
24	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	723.20	144.64
	Cash Credit loans from Banks	415.28	402.09
	Loans from Bank	147.98	-
	HMT Bonds	-	316.40
	Inter Corporate Loan	43.00	43.00
	Short Term Loan from Bank	-	167.88
	Others	473.80	297.11
	Other Borrowing Cost		
	Finance Charges	19.55	14.42
	Bank / Discounting Charges	12.81	48.15
		1835.62	1433.69
25	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation	271.35	337.40
	Amortisation of Intangible Assets	-	2.76
		271.35	340.16
26	OTHER EXPENSES		
	Manufacturing Expenses		
	Consumption of Stores, Spares, Tools & Pkg. Matls.*	235.50	380.41
	Power and Fuel	348.94	477.78
	Excise Duty	1.88	2.34
	Repairs to machinery	8.80	16.46
	Amortisation of Special Tools	95.69	102.96
	Provision for Non Moving Inventories	11.34	49.10
	Selling & Distribution Expenses		
	Rebate on Sales	144.45	129.85
	Advertisement and Publicity	32.47	34.91
	Carriage outwards	162.94	194.12
	Establishment Expenses		
	Rent	27.49	29.63
	Rates and Taxes	174.17	230.61
	Insurance	24.83	23.61

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
	Water and Electricity	364.12	368.12
	Repairs to building	5.82	19.40
	Printing and Stationery	18.57	21.94
	Auditors Remuneration #	3.11	4.45
	Provision for loss in value of investment	-	166.01
	Provision for Doubtful Debts, Loans and Advances	368.60	8544.51
	Warranty claims	28.30	46.90
	Loss sustained by PF Trust	4.71	1.50
	Bad Debts / Advances written off	346.90	236.78
	Travelling Expenses	108.32	113.45
	Other Expenses	538.57	532.05
	Less: Recovery of Common Expenses from Subsidiary Companies	<u>(339.12)</u>	<u>(207.96)</u>
		2716.40	11518.93
	* Includes Stores and Spare parts for:		
	Repairs to Machinery	0.23	2.60
	# As Auditor	2.20	2.20
	For taxation matters	0.29	0.29
	For other services	0.15	0.23
	Reimbursement of expenses	0.37	1.12
	Service tax	0.10	0.18
	Cost Audit Fee & expenses	<u>-</u>	<u>0.43</u>
		3.11	4.45
27	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	<u>(91.69)</u>	<u>(91.85)</u>
		(91.69)	(91.85)
28	EXCEPTIONAL ITEMS		
	Income		
	Interest Waiver on GOI Loans upto 31.3.2012	-	20187.24
	Withdrawal of Interest on GOI Loans 2012-13	-	8554.14
	Interest Waivers under One Time Settlement	-	975.40
	Guarantee Fee Waiver	-	375.92
		<u>-</u>	<u>30092.70</u>
	Less: Expenses		
	Reversal of Income on land sale reversal	-	986.41
	Interest on Loan from Bank	-	1418.10
	Guarantee fee expenses	-	187.96
		<u>-</u>	<u>2592.47</u>
	Total	<u>-</u>	<u>27500.23</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
29	PRIOR PERIOD ADJUSTMENTS		
	Materials	-	0.18
	Employee Benefit expenses	-	3.41
	Other Expenses	<u>2.74</u>	<u>104.62</u>
		<u>2.74</u>	<u>108.21</u>
	Less:		
	Other Income	<u>0.94</u>	-
		<u>1.80</u>	<u>108.21</u>
30	VALUE OF IMPORTS ON CIF BASIS WITH RESPECT TO:		
	Raw Materials	-	-
	Components and Spare Parts	31.32	5.24
	Capital Goods	-	-
31	EXPENDITURE IN FOREIGN CURRENCY :		
	Royalty, Know how	-	-
	Professional and Consultation Fees	-	-
	Interest	-	-
	Other Matters	-	-
32	EARNINGS IN FOREIGN CURRENCY		
	Sale of Dairy Machinery	4.75	53.24
33	EARNINGS PER SHARE		
	i) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (' in lakhs)	(9656.66)	8720.59
	ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	1160325355	760350140
	iii) Basic and Diluted Earnings per Share (Rs.)	(0.83)	1.15
	iv) Face Value per Equity Share (₹)	10	10
34	CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARE PARTS:		
	Imported	₹ in lakhs	8.82
		%	0.25
	Indigenous	₹ in lakhs	3459.00
		%	99.75
35	The Company is carrying on the business of manufacturing and selling Tractors and Food Processing Machines. The Segment Reporting as per AS-17 is not applicable to HMT Limited, as the transactions of Food Processing Machinery is less than 10% of Total Business.		

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
36	FUNCTIONAL DISCLOSURE OF THE STATEMENT OF PROFIT & LOSS		
	<u>Particulars</u>		
	Revenue From Operations	6,028.35	7,844.35
	Less: Cost of Materials Consumed	3,232.32	5,933.71
	Less: Purchase of Stock-In-Trade	337.57	385.50
	Less: Changes in Inventories of Finished Goods, Stock-in-Process & Stock-in-Trade	649.85	(877.32)
	Less: Manufacturing Expenses	702.15	1,029.05
	Gross Profit	1,106.46	1,373.41
	Less: Selling & Distribution Expenses	339.86	358.88
	Less: Establishment Expenses	1,674.39	10,131.00
	Add: Jobs done for Internal use	91.69	91.85
	Operating Profit before Depreciation, Interest & Tax	(816.10)	(9,024.62)
	Less: Depreciation & Amortization Expense	271.35	340.16
	Operating Profit before Interest & Tax	(1,087.45)	(9,364.78)
	Less: Finance Costs	1,835.62	1,433.69
	Less: Employment Expenses	9,978.35	9,029.89
	Operating Profit before Tax & Exceptional Items	(12,901.42)	(19,828.36)
	Add: Other Income	3,246.56	3,018.38
	Profit before Tax & Exceptional Items & Prior period adjustments	(9,654.86)	(16,809.98)
	Less: Exceptional Items & Prior period adjustments	1.80	(27,392.02)
	Profit before Tax	(9,656.66)	10,582.04
	Less: Current Tax Expense	-	1,861.45
	Profit After Tax	(9,656.66)	8,720.59

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
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37 DISCLOSURE REGARDING PROVISIONS:

Provision in respect of present obligations arising out of past events are made in the Accounts based on reasonable estimates of the obligations. Provision for Warranty is made as per the Accounting Policy.

The details of provision for Warranty claims are furnished below:

		(₹ in Lakhs)	
	Opening Balance as on 1.4.2014		32.61
	Additions during 2014-15		3.12
	Total		35.73
	Less: Used during 2014-15		
	Utilised	5.59	
	Withdrawn	14.83	20.42
	Closing Balance as on 31.3.2015		15.31

38 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013

Sr. No.	Name of Related Party	Relationship
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
2	HMT Watches Ltd, Bangalore (HWL)	Subsidiary
3	HMT Chinar Watches Ltd, Jammu (CWL)	Subsidiary
4	HMT (International) Ltd, Bangalore (HMT(I))	Subsidiary
5	HMT Bearings Ltd, Hyderabad (BLH)	Subsidiary
6	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
7	Mr. S. Girish Kumar	Key Managerial Personnel
8	Mr. P. Sivarami Reddy	Key Managerial Personnel
9	Mr. B.K. Subash	Key Managerial Personnel
10	Mr. Antony Chacko	Ex-Key Managerial Personnel

Transactions during the year with Related Parties:
a) Loans and Advances given and repayment thereof:

(₹ in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Machine Tools Ltd	31/03/2015	1115.41	-	-	33.27	1148.68
HMT Machine Tools Ltd	31/03/2014	1082.14	-	-	33.27	1115.41
HMT Watches Ltd	31/03/2015	48161.62	-	-	1254.79	49416.41
HMT Watches Ltd	31/03/2014	46906.84	-	-	1254.79	48161.63
HMT Chinar Watches Ltd*	31/03/2015	8108.91	-	19.00	175.91	8265.82
HMT Chinar Watches Ltd*	31/03/2014	7937.00	-	4.00	175.91	8108.91

* Considered to be doubtful and the amount of whole Loan and Advance is provided as doubtful

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	Closing Balance
b) Advances (Dr / (Cr))					
SUDMO HMT Process Engineers (India) Ltd	31/03/2015	2.45	2.40	-	4.85
HMT Machine Tools Ltd	31/03/2015	4.34	2.45	4.34	2.45
HMT Machine Tools Ltd	31/03/2014	575.63	-	174.16	401.47
HMT Watches Ltd	31/03/2014	345.62	230.01	-	575.63
HMT Watches Ltd	31/03/2015	2368.53	35.34	-	2403.87
HMT Watches Ltd	31/03/2014	2296.49	72.04	-	2368.53
HMT Chinar Watches Ltd	31/03/2015	(0.09)	0.31	-	0.22
HMT Chinar Watches Ltd	31/03/2014	0.09	-	0.18	(0.09)
HMT Bearings Ltd	31/03/2015	89.36	5.94	15.00	80.30
HMT Bearings Ltd	31/03/2014	(129.21)	250.00	31.43	89.36
HMT (International) Ltd	31/03/2015	34.06	-	51.14	(17.08)
HMT (International) Ltd	31/03/2014	16.87	17.19	-	34.06

- c) The investments in related parties i.e. Subsidiaries and Joint Venture are detailed under Note No.11.
The Company has not given any guarantee/security to the related parties.

(₹ in lakhs)

d) Name of the Transacting Related Party	MTL	HWL	CWL	HMT(I)	BLH	TOTAL
Revenue from Operations	2014-15	-	-	-	-	-
	2013-14	-	-	58.39	-	58.39
Other Income	2014-15	33.27	1254.79	7.95	-	1471.42
	2013-14	33.27	1254.79	2.25	-	1465.72
Purchases	2014-15	-	-	11.89	-	11.89
	2013-14	-	-	-	-	-
General Expenses (recovery of expenses)	2014-15	(249.74)	(36.52)	(47.14)	(5.72)	(339.12)
	2013-14	(138.08)	(22.25)	(43.42)	(4.21)	(207.96)
Interest	2014-15	-	-	43.00	-	43.00
	2013-14	-	-	43.00	-	43.00

- e) Remuneration to Key Management Personnel:

Name of Related Party		Salary	Other Allowance	TOTAL
1) Antony Chacho	2014-15	2.31	0.71	3.02
1) S.G. Sridhar	2013-14	1.86	0.37	2.23
2) Antony Chacho		15.62	4.59	20.21

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
39	CONTINGENT LIABILITIES:		
	The Company is contingently liable for:		
39.A	Claims against the Company not acknowledged as debts		
	I. Tax related claims pending in appeal		
	i) Excise Duty	2.48	2.48
	ii) Sales Tax	217.50	217.50
	II. Non receipt of related Forms against levy of concessional Sales Tax	629.54	940.93
	III. Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	33.06	10.04
	IV. Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	300.74	159.64
	V Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	27.05	23.89
39.B	The Company had deposited ₹16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only ₹ 2,69,433/- as debts	13.31	13.31
39.C	Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
39.D	The GOI had released a Plan Assistance of ₹ 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (₹100 lakhs) & Loan (₹100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of ₹ 200 lakhs. Accordingly, the Company has refunded the Loan amount of ₹100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of ₹10/- each (₹100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
39.E	Preference Share Capital		
	The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of ₹ 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.		
	Since the title deeds in respect of the identified immovable properties are not mutated in the name of the HMT-MTL, the sale of these properties have been approved by the Government as part of the Revival Plans of the Company (HMT Ltd). The Preference Share Capital will be redeemed upon sale of immovable property.		
40	Advances include		
40.A	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	0.12	0.12
40.B	Adhoc payments to employees towards Wage/Salary, DA arrears, if any,	908.91	909.73
41	Balances under 'Trade Receivables', 'Loans & Advances', 'Trade Payables' and 'Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.		
42	Value of Special Tools individually costing less than ₹ 750 written off during the year.	55.47	58.62
43	Revenue expenditure on Research & Development charged to Statement of profit & loss	285.36	230.96
44	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		
45	EMPLOYEE BENEFITS:		
	The Gratuity has been provided by the Company under a Defined Benefit Plan to cover the eligible employees, the liability being determined on actuarial valuation done by LIC using Projected Unit Credit Method. The Company has taken a Policy under Group Gratuity Scheme with LIC and annual contributions are made to the extent required, to the separate Trust constituted and administered by the Life Insurance Corporation of India under which the coverage is limited to ₹ 50,000/- per eligible employee and the balance is being retained in the books to meet any additional liability accruing thereon.		
	The provision for gratuity as on 31-03-2015 for the balance amount, based on the above assumptions for over and above the amount covered under the LIC policy in respect of the Company is ₹ 6857.34 lakhs and additional provision made during the year for full coverage (based on salary at year end) in excess of ₹ 50000/- per employee based on actuarial valuation by LIC ₹ 1747.13 lakhs.		
	The provision of ₹ 989.50 lakhs towards Earned leave encashment and ₹ 368.45 Settlement allowance is carried in the books as on 31.3.2015 to cover the eligible employees based on the actuarial valuation done by qualified Actuary. However, an amount of ₹ 244.51 lakhs and ₹ 54.04 lakhs respectively has been provided during the year.		

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
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The actuarial valuation has been made based on the following assumptions:

	Gratuity	Earned Leave Encashment	Settlement Allowance
1 Retirement Age	60 years	60 years	60 years
2 Future Salary escalation	7% p.a.	6%-8% p.a.	6%-8% p.a.
3 Rate of discount	8% p.a.	8% p.a.	8% p.a.
4 Attrition rate	1 to 3% depending on age	5% p.a.	5% p.a.
5 Mortality rate	LIC (1994-96) Ultimate	60 (2006-08) Ultimate Mortality Table	60 (2006-08) Ultimate Mortality Table

(₹ in lakhs)

	Gratuity (Funded)		Gratuity (unfunded)		Earned Leave Encashment (Unfunded)		Settlement Allowance (Unfunded)	
	2014-15	2013-14	2014-15	2013-14*	2014-15	2013-14*	2014-15	2013-14*
1 Reconciliation of changes in respect of obligations								
Present value of obligation as at beginning of year	480.59	513.18	6861.73	-	754.57	-	318.01	-
Interest cost	38.45	41.05	550.16	-	60.04	-	25.43	-
Current Service Cost	0.54	1.25	211.18	-	184.27	-	43.26	-
Benefits Paid	2.00	115.00	2.00	-	8.26	-	0.37	-
Actuarial (gain)/loss on obligations	(26.45)	40.11	(49.68)	-	(1.12)	-	(17.88)	-
Present value of obligation as at end of year	491.13	480.59	7571.39	-	989.50	-	368.45	-
2 Reconciliation of changes in the fair value of plan assets								
Fair value of plan assets at the beginning of year	671.20	619.30	671.20	-	0.00	-	0.00	-
Expected return on plan assets	60.07	54.90	60.07	-	0.00	-	0.00	-
Contributions of Employer	0.00	112.00	0.00	-	8.26	-	0.37	-
Benefits paid	2.00	115.00	2.00	-	8.26	-	0.37	-
Actuarial Gain / (Loss) on Plan assets	-	-	-	-	-	-	-	-
Fair value of plan assets at the end of year	729.27	671.20	729.27	-	0.00	-	0.00	-
Actual Return on Plan Assets					0.00		0.00	
3 Reconciliation of fair value of plan assets								
Fair value of plan assets at beginning of year	671.20	619.30	671.20	-	0.00	-	0.00	-
Present Value of Obligations at the year end	60.07	54.90	60.07	-	989.50	-	368.45	-
Amount recognised in Balance Sheet	0.00	112.00	0.00	-	989.50	-	368.45	-
4 Actuarial Gain/Loss recognized								
Actuarial gain/(loss) for the year - Obligation	26.45	(40.11)	49.68	-	1.12	-	0.37	-
Actuarial gain/(loss) for the year - plan assets	-	-	-	-	-	-	-	-
Total (gain)/loss for the year	(26.45)	40.11	(49.68)	-	(1.12)	-	(0.37)	-
Actuarial gain/(loss) recognised in the year	26.45	(40.11)	49.68	-	0.00	-	0.00	-
5 Amounts recognised in the Balance Sheet and Statement of Profit & Loss								
Present value of obligations as at the end of the year	491.13	480.59	7571.39	-	989.50	-	368.45	-
Fair Value of plan assets as at the end of the year	729.27	671.20	729.27	-	0.00	-	0.00	-
Actuarial (Gain)/ Loss on Obligation					(1.12)		(0.37)	
Actuarial (Gain)/ Loss on Plan Assets					0.00		0.00	
Net (Asset)/Liability recognised in the Balance Sheet			6842.12	-	989.50	-	368.45	-

* The amounts relating to Financial Year 2013-14 were not reported during the previous year.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(₹ in lakhs)

	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra-ordinary Items	(9,656.66)	10,582.04
Adjustment for:		
Depreciation & Amortisation	271.35	340.16
Exceptional Items - Interest Waiver	-	(27,500.23)
Profit on Sale of Fixed Assets (net)	11.99	(0.02)
Amortisation of Special Tools	95.69	102.96
Foreign Exchange (net)	-	-
Interest debited (Net)	127.24	(524.30)
Dividend received	(7.20)	(14.40)
Bad debts/advances, obsolete materials written off	346.90	236.78
Provision for slow/non moving inventories, Doubtful debts, Loans & Advances and Investments	(248.18)	597.79
	597.79	8,594.27
Operating Profit Before Working Capital Changes	(9,058.87)	(8,182.74)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	800.02	(902.40)
(Increase)/Decrease in Inventories	966.48	(1,067.20)
(Increase)/Decrease in Other Current Assets	256.11	118.00
Increase/(Decrease) in Trade payables & Other Current Liabilities	3,262.31	2,225.20
	5,284.92	373.60
Cash Generated From Operations	(3,773.95)	(7,809.14)
Direct Taxes paid	-	-
Cash Flow Before Extra-ordinary Items	(3,773.95)	(7,809.14)
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(3,773.95)	(7,809.14)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7.53)	(12.08)
Sale proceeds of Fixed Assets	12.00	0.02
Sale of Investments	-	-
Dividend Received	7.20	14.40
(Payment)/Receipt-Subsidiaries	217.70	(533.42)
Interest Received	117.13	159.93
NET CASH USED IN INVESTING ACTIVITIES	346.50	(371.15)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in Lakhs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	66,074.15
Proceeds from Long Term/Short Term Borrowings	1,946.00	5,256.00
Repayment of Long Term/Short Term Borrowings	(128.09)	(52,346.38)
Exchange Difference (net)	-	-
Interest Paid	(965.54)	(6,882.79)
NET CASH USED IN FINANCING ACTIVITIES	852.37	12,100.98
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,575.08)	3,920.69
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	4,373.51	452.82
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	1,798.43	4,373.51
	(2,575.08)	3,920.69

Note: 1) The above statement has been prepared under the Indirect method as set out in notified AS 3 - Cash Flow Statement.

2) The Cash and Cash Equivalents has been considered as per Note No. 15.

For and on behalf of the Board

 As per our Report of even date attached
 For M/s. DOKANIA S KUMAR & CO.
 F.R.N. 322919E
 Chartered Accountants

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director (Operations)

B. K. Subash
 Company Secretary

CA. Sushil Kumar Dokania
 Partner
 (Membership No.057020)

 Place: New Delhi
 Date : June 18, 2015

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Members of
HMT Limited

Report on the Consolidated Financial Statements:

We have audited the accompanying Consolidated financial statements of HMT Limited (hereinafter referred to as 'the Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its Joint Venture Company, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group including its Joint Venture Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion:**HMT Limited****CHO:**

1. No actuarial valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS-15 "Employee Benefits". The amount of contribution to Provident Fund is ₹ 26.30 Lakhs during the year under audit.
2. The amount of Gratuity Provision (Unfunded) to be recognized in Balance Sheet as per actuary valuation report is ₹ 6,842.12 Lakhs. Whereas as per Note No. 5 & Note No. 9 of the Standalone Financial Statements the aggregate provision amounts to ₹ 6,857.34 Lakhs.

Tractor Division, Pinjore:

1. No actuarial valuation has been obtained with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to ₹ 2,174.38 Lakhs

HMT Watches Limited (As per Statutory Auditors' Report):

1. Dis-agreement on accounting policies – inappropriate disclosure
 - a) The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The accumulated losses of the Company will continue as at the close of 31st March, 2015 amounted to ₹ 251,209.86 lakhs against which the paid up capital of the Company is ₹ 649.01 lakhs and has totally eroded the net worth of the company. The company has been incurring continuous operating losses for the past few years. The total liabilities of the company as at the close of 31st Mach, 2015 is ₹ 257,961.59 lakhs against which the fixed and current assets are only ₹ 7400.74 lakhs. The contingent liabilities disclosed in the financial statements are ₹ 6514.14 lakhs and there are other liabilities, which have not been quantified. The financial statements have been prepared on the basis of going concern assumption that raises a substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

- b) Certain internal control deficiencies were observed during the course of audit of financial statements. The Management has not established adequate internal controls to ensure that transactions were properly classified, accounted, reviewed and reconciled. The Units of the Company did not follow the established internal controls, such as performing account reconciliations, obtaining periodical confirmation of balances, periodical verification of Fixed Assets, payment vouchers duly supported by sanctions and providing management an oversight of the financial management accounting processes.
- c) The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements in line with the Accounting Standard-28.
- d) Depreciation on Leasehold land in the case of Watch Marketing Division has been computed by applying straight line method rates of depreciation as applicable to building as per erstwhile the Companies Act, 1956 instead of amortizing the value of leasehold land over the period of lease. This is contrary to Accounting Standard 06. The impact of the same on the Net Loss of the Company and also on carrying cost of tangible assets is not ascertainable.
- e) The details for fixed assets with written down value of ₹ 1 lakh and above which have been retired from active use and disclosed at lower of book or net realizable value were not made available in respect of Watch Factory, Ranibagh.
- f) Valuation of inventories not being in accordance with the Accounting Standard 02 –Valuation of inventories due to:
 - Recovery of overheads on the basis of planned production and not on normal capacity
 - Not conducting the physical verification of raw materials during the financial year 2014-15 and raw material consumption is not commensurate with the production during the year compared to the previous year in respect of Watch Factory, Bangalore.

- In Watch Factory, Tumkur, the work in progress is valued at cost instead of on the basis of percentage of completion basis taking into consideration the NRV of finished goods.
 - In Watch Factory, Tumkur, provision was made towards obsolescence considering the accretion to the Work-in-progress instead of accretion to the Work-in-progress over a period of time and technological changes. Work in Progress is valued at Cost instead of lower of Cost and NRV.
 - Individual details of slow / non moving goods and obsolete inventories were not made available to us. In Watch Marketing Division and Watch Factory, Ranibagh no provision was made towards non – moving/slow moving inventories which is contrary to the accounting policy of the Company. Accordingly, we are unable to comment on adequacy of such provisions made in the accounts.
 - No provision for additional duty redemption fine and penalty of ₹150.00 Lacs was made in the accounts relating to Watch Components valued at ₹ 343.30 Lakhs taken into custody by the Customs Authorities in the earlier years in Watch Factory, Ranibagh.
 - The Watch Marketing Division has not obtained confirmation of balances from the Customs Authorities in respect of watch components taken into custody by Customs Authorities and included in Inventories valuing ₹ 67.12 Lakhs.
 - Valuation of Finished Goods pending receipt of physical verification certificates in respect of stocks at show rooms/exhibition/on consignment.
 - Closing stock of spares at showroom is reduced by 51.76% on MRP value to arrive at cost. Basis for the computation of percentage were not available. Hence, we are unable to comment on the accuracy of valuation of such stocks and impact on the financial statements is not ascertainable.
- In view of the above, we do not express an independent opinion on the correctness of existence and valuation of inventories. Net effect of the same on the financial results is not ascertainable.
- g) Company has not disclosed contingent liability, if any, relating to sale of land to Canara Bank and subsequent claim by third party vide Miscellaneous Petition No. 62I/622, pending adjudication.
 - h) As required by Part II, Schedule III of the Companies Act, 2013, the Statement of Profit and Loss Account does not disclose item of income or expenditure which exceeds one percent of revenue from the operations or ₹1 lakh whichever is higher.
 - i) Finance cost includes interest on delayed payment of Statutory Dues, instead of disclosing the same distinctly.
 - j) Short Term Loans and Advances – Advance recoverable in cash or in kind includes a sum of ₹ 14.51 Lakhs being Suspense A/c OBS (Dr Balance) relating to Watch Marketing Division. Individual details of such debits are not ascertainable. They are subject to reconciliation. Net impact of the same on the financial result of the unit is not ascertainable.
 - k) As stated in Note No. 19, no provision is made for liabilities aggregating ₹ 4,305.62 Lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus, etc. This has resulted in understatement of net loss by ₹4,305.62 lakhs and corresponding understatement of current liabilities to that extent.
 - l) Except Watch Factory, Ranibagh and Watch Factory, Bangalore, no provision for the liability towards the interest payable under Micro, Small and Medium Enterprises Development Act, 2006, if any, is made in the accounts. The impact of non-provision for such interest on the financial results of the Company is not ascertainable. In the absence of confirmation from vendors and non-availability of adequate information with the Units, provision made towards interest and the principal amount disclosed as dues as on Balance Sheet date, we are unable to comment on the adequacy of the provision and the impact on the financial statements.
 - m) In Watch Factory, Bangalore, no provision towards warranty for the products sold was made in the accounts. This is contrary to AS — 29.

- n) In pursuant to Distress Warrant dated 23rd December 2011 issued by Bangalore Mahanagara Palike for recovery of ₹ 381.31 Lakhs of property tax along with penalty for the period from 01.10.1995 to 2011-12, a total provision of ₹ 575.68 Lakhs has been made towards such taxes and penalties as at the 31st March 2015. As the distress warrant being in the nature of attachment of movable property towards the property tax, the fact regarding distress warrant has not been disclosed in the financial statements.
- o) One of the creditor of the company had obtained Execution Decree dated 30.05.1998 passed in OS No. 15652 of 2008 for ₹128 Lakhs. This fact together with contingent liabilities, if any, has not been disclosed in the financial statements of the Company.
- p) As required by Part I of Schedule III of the Companies Act, 2013, the value of office equipment has not been shown distinctly but is included in the value of Furniture, Fixtures and Office Appliances in the Fixed Asset Schedule.
- q) In Watch Factory, Ranibagh, as disclosed in Note No. 12.7 the unit is holding lease hold land of 33.32 acres. The Board in its meeting held on 30.06.2014 has decided to retain 10 acres of land and surrender balance 23.32 acres to the Forest Authorities. This fact has not been disclosed.
- r) Other current liabilities of ₹ 2424.20 lakhs disclosed in Note No. 10 includes claims suspense account, statutory dues, EMD, Miscellaneous Recoveries, etc. As required by Part I, Schedule III to the Companies Act, 2013, the nature of payables has not been disclosed.
- 2. Dis-agreement on accounting issues:**
- a) Other Current liabilities include a sum of ₹ 889.62 Lakhs relating to advances received against sale of land including buildings. The Company has executed an Agreement to Sell and the possession of land (including Buildings) has been given to the Purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the respective head under fixed assets though there are no future economic benefits flowing to the Company. The consequential impact on the losses, carrying amount of the fixed assets, depreciation and taxes are not ascertainable.
- b) Fixed Assets have been transferred from the Holding Company (HMT Limited) to the company at the gross values, reserve for depreciation and net values as on 01.04.2000 in accordance with Scheme of Arrangement approved by the Department of Company Affairs. Depreciation has been charged from the accounting year 2000-2001 and onwards on the original cost of the assets on straight line basis, keeping in view the estimated life of the asset. Fixed Assets should have been recorded at the original cost to Company instead of at historical cost to HMT Limited. This has resulted in over statement of gross block by ₹ 32.21 Crores. Excess depreciation charged on such overstatement of Gross Block has not been quantified. Effect of the same on overstatement of losses and understatement of net block of assets are not ascertainable.
- c) Gross block of fixed assets in Watch Marketing Division as on 01.04.2013 is ₹ 509.51 Lakhs as against ₹322.24 Lakhs as per Fixed Asset Register. The difference of ₹187.27 Lakhs has not been reconciled. In the absence of reconciliation, the impact on the financial statements is not ascertainable.
- d) No physical verification of fixed assets was carried out during the year in respect of Watch Marketing Division and Watch Factory, Bangalore. In the absence of physical verification of fixed assets, we are unable to comment on material discrepancies if any, its treatment in the books of account and impact on the financial results of the company including carrying cost of fixed assets.
- e) There are many unspecified/excess credits in various bank accounts pending reconciliation/ identification of parties amounting to ₹17.73 Lakhs carried as other current liabilities in Watch Marketing Division and its consequential effect on the net Loss for the year is not ascertainable. This is continued without reconciliation / identification for a long time.

- f) There is no system of obtaining periodical confirmation of balances relating to trade receivables, trade payables, loans and advances, current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net Loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.
- g) Balances with Banks in Current Account with Scheduled Banks relating to most of the show rooms relating to Watch Marketing Division are as per books of account and are subject to confirmation by the respective banks.
- h) Other Bank balances include deposits with scheduled banks furnished as margin money to bank guarantee. Confirmation of balances of Fixed Deposit held as Margin Money as at the close of the year has not been obtained.
- i) Other liabilities include a sum of ₹ 39.27 Lakhs representing Suspense Account OBS (Cr) and ₹ 1.05 Lakhs representing Suspense Account Bills (Cr) relating to Watch Marketing Division. Individual details of such credits / debits are not ascertainable and are subject to reconciliation. Net impact of the same on the financial result of the Company is not ascertainable. This is continued to be shown as such over a long period of time.
- j) Interest on Excise Duty of ₹ 40.11 Lakhs has been adjusted against Excise Duty Recoverable – CENVAT Account in Watch Factory, Ranibagh. This is not in accordance with the provisions of CENVAT Credit Rules. Impact of the same on the financial statements of the Company is not ascertainable.
- k) Service tax liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.
- l) In the absence of age wise classification of debtors made available to us, we are unable to express our opinion on adequacy of provisions towards doubtful trade receivables made upto 31.03.2015 amounting to ₹ 4639.29 Lakhs.
- m) The details for interest on delayed payment of Provident Fund and other statutory dues were not made available. The Company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
- n) Interest on delayed settlement of gratuity to employees beyond 30 days from the date of retirement has not been provided for in the financial statements, except in two units. Impact on financial statements is not ascertainable.
- o) No provision towards gratuity amounting to ₹ 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit ₹ 28 Lakhs, which is contrary to Accounting Standard 29 — Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.
- p) Profit on sale of fixed assets accounted in the books include a sum of ₹1.03 Lakhs relating to disposal of furniture and other assets by auction in Watch Marketing Division. No adjustment towards Gross Block value of assets and depreciation has been made in the absence of details. The impact of the same on the carrying amount of fixed assets in the financial statements and on the Net Loss is not ascertainable.
- q) In Watch Marketing Division, as per decision of the Board of Directors, some show rooms have been informed to be closed and the assets transferred to Global Warehouse, Bangalore. The assets sent by such show rooms have not been segregated into fixed assets and stocks and accounted in the books of Global Warehouse. No physical verification of such assets were carried out at the Global Warehouse. In the absence of physical verification, we are unable to express our opinion on the value of fixed assets and stock in trade carried in the financial statements.

- r) In Watch Marketing Division, Retention deposit, EMD and Security Deposits and other old outstanding liabilities shown under Other Current Liabilities continue to be carried forward and many of the show rooms have been closed. Complete party-wise details of such deposits are not available and no steps have been taken to ascertain the details and review/reconciliation of such deposits.
- s) In Watch Marketing Division, the amount of Gratuity debited to Profit and Loss Account is in excess of ₹ 56.51 Lakhs. This has resulted in overstatement of loss for the year and overstatement of long term provisions to that extent.
- t) In Watch Factory, Ranibagh, Net Loss for the year as per Statement of Profit and Loss Account include a sum of ₹ 6.86 Lakhs relating to transition adjustment on account depreciation on fixed assets whose useful life expired as on 01.04.2014. Such transitional adjustment should have been adjusted against carried amount of Reserves and Surplus as was done in other units. Transition adjustment carried out to the Reserves and Surplus also includes a sum of ₹ 6.86 Lakhs. This has resulted in overstatement of Net Loss for the year and carried amount of reserves and surplus to that extent.
- u) KVAT input credit as per books of Watch Factory Tumkur is ₹ 39.59 Lakhs whereas as per KVAT Form 100 it is ₹ 9.58 Lakhs. No reconciliation has been carried out. In the absence of reconciliation, impact on financial statements is not quantifiable.
3. The Government of India has already decided to close the company. However, till the time of closure, the company will get continuous support from government. The financial statements have been prepared on going concern assumption basis and therefore no adjustments have been considered relating to assets and liabilities. Also no provision for possibility of claims and losses which the company may face in future due to closure. Implementation of recommendations of Committee of Secretaries made in 2009 is pending for final implementation to stop further losses.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, and except for the following reports made by their respective Statutory Auditors,:

HMT International Ltd (As per Statutory Auditors' Report):

Provident Fund is provided for, under a defined benefit scheme. The Contributions are made up-to-date to the Trust administered by the Company. However, the Company has not obtained actuarial valuation, as per Accounting Standard 15 (Revised) and hence, consequential effects on accounts could not be reported.

HMT Machine Tools Ltd (As per Statutory Auditors' Report):

The Company has not determined by actuarial valuation liability for Provident Fund dues as at 31st March, 2015. Consequent effect of the same on the financial statements for the year is not ascertainable. As per AS 15, where in terms of any plan the enterprise's obligation is to provide the agreed benefits to current and former employees and the actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the enterprise, the plan would be a defined benefit plan. Accordingly, provident funds set up employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with the requirements of paragraph 26(b) of AS 15. Hence this is not in compliance with the Accounting Standard 15 "Employee Benefits"

HMT Chinar Watches Limited (As per Statutory Auditors' Report):

1. The company decided to close its unit and grant voluntary retirement to its employees. However, the total liability on this account is around ₹ 12 crore subject to final approval of the Government and to be accounted thereafter.
2. Balance as at 31st March 2015 in respect of receivables and payables are subject to confirmation and reconciliation. Most of them are being carried from year to year without any adjustment. Trade Receivables of ₹ 147.97 lakhs are outstanding for several years and their financial standing is doubtful of recovery.

The aforesaid consolidated 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, of the consolidated state of affairs of the Group, as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Consolidated Financial Statements of HMT Limited:

The previous year's figures of consolidated financial statement of HMT Limited were not included with the figures of Sudmo-HMT Process Engineers (India) Limited. Therefore, we are unable to comment on comparison of current year's data with previous year's data.

Emphasis of Matter:**HMT Watches Limited (As per Statutory Auditors' Report):**

- i) We draw attention to "Basis of preparation of financial statements" disclosed in significant accounting policies to the financial statements which states that the financial statements are prepared as of a going concern inspite of substantial operational losses being incurred and company's operations are negligible compared to the installed capacity of working.
- ii) Note No. 12.2 – regarding inclusion of immovable properties in Gross Block of the fixed assets, vested under the Scheme of Arrangement approved by Government of India and non-carrying of the mutation of title deeds in the revenue records to that effect. Hence, the title to the immovable properties could not be ensured.
- iii) Note No. 12.4 – regarding possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land encroached upon and the matter taken up with the Government of Karnataka to shift the un-authorized occupants. Though the Company is in possession of lands at various units, it has not obtained up-to date encumbrance certificates from the concerned authorities to ascertain the extent of encroachment/title verification.
- iv) Note No. 12.5 – regarding non identification of equivalent value of land sold and transferred during 2003-04 based on a MOU entered into between HMT Ltd and the Company. Certain lands were sold and the profit on sale of such lands amounting to ₹ 1,421

Lakhs were accounted in books of account of HMT Limited Holding Company and equivalent value of the land has not yet been identified and transferred to the company.

- v) Note No. 19.0 disclosing Contingent Liabilities and Commitments to the extent not provided for in the accounts aggregating ₹ 6,514.46 Lakhs. The Company has neither ascertained nor provided for further liabilities if any, towards interest, penal interest and / or damages in respect of these contingent liabilities
- vi) Note No. 19.1, 19.2, 19.3 and 19.4 – regarding pendency of sales tax assessments, suits filed by employees and non ascertainment of liabilities on sale of land. Respectively, not provided for in the accounts
- vii) Note No. 38.0 regarding non refund of ₹100 Lakhs to GOI out of ₹ 200 Lakhs – Plan Assistance received during March 2007 for meeting capital expenditure and accounting of FD in favour of Holding Company.
- viii) Note No. 41 (b) regarding inclusion of ₹ 991.03 Lakhs being the amount paid by way of adhoc to employees towards wage / salary / DA / revision arrears if any, pending adjustment for which necessary provision has been made in the accounts to the extent of ₹ 1868.24 Lakhs. No adjustment towards the corresponding advance account has been made during the year in respect of settlements made during the year. The Company has not reviewed the settlements made in the past and taken action to adjust the advances.
- ix) Note No. 47 regarding disclosure as per Accounting Standard 15 (Revised). The detailed workings were not made available and we have relied on the intimation received from the Holding Company. Further, no reconciliation of opening balance and closing balance of the present value of the defined benefit obligations showing separately the effect attributable to current service cost, interest cost, contribution to be made has not been ascertained from the holding company and disclosed in the financial statements as required by Accounting Standard 15 on 'Employee Benefits'.

HMT Bearings Limited (As per Statutory Auditors' Report):

We draw attention to the following matters presented in the financial statements:

1. Note B 1 of Notes forming Financial Statements wherein it is stated that these statements were prepared based on going concern basis.

The Company was declared a Sick Company under Section 3(1)(o) of Sick (Special Provisions) Act, 1985 vide order no. 501/2009 dt 23/04/2009. Except submission of business plan/draft rehabilitation scheme to operating agency, there is no progress at all even during the current year.

It is learnt that Cabinet Committee on Economic Affairs has proposed for closure of the company. However, no final decision has yet been taken.

As such, as stated above, the financial statements are prepared as of a going concern.

2. Some of the balances under Trade Payables, Short Term Liabilities, Other Current Liabilities, Trade Receivables and Loans and Advances are subject to confirmations.
3. HMT Tractors Division, Pinjore:

It was observed during our audit that there is inordinate delay in making payments by Tractors Division – Pinjore against supplies made by BLH. Details of interest belated payments are as follows:

Year	Amount (₹ in lakhs)
2010-11	14.57
2011-12	27.10
2012-13	39.34
2013-14	15.94
2014-15	24.87

In the absence of acceptance of these amounts by the customer, the above figures were not accounted in the books.

HMT Machine Tools Limited (As per Statutory Auditors' Report):

1. Non – confirmation of trade payables, receivables, Advances, and margin money deposit the consequential effect on the financial statements is not ascertainable.
2. No provision is made for the liability if any, towards the interest payable under Micro, Small and Medium Enterprise Development Act 2006 to the extent of non-confirmation of balances by the vendors as on 31st March 2015. The impact on non provision of such interest on the financial result cannot be quantified due to unavailability of required information.

Our opinion is not qualified in respect of these matters.

HMT Chinar Watches Limited (As per Statutory Auditors' Report):

Without qualifying their report, they have drawn attention on the following matters:

- a) The Para nos. 1 and 8 of Note B-21 to the financial statements regarding net worth of Company- Now the company is fully dependent on the Government budgetary support for meeting its recurring expenditures. Due to losses in the current year and in the past, net worth of the Company has been fully eroded. The Company's management is in the process to shut operations through sale of its assets through auction and grant voluntary retirement scheme to its employees. The company has accumulated deficits and the net worth of the Company has been totally eroded. The negative net worth is ₹ 58,220 Lacs as at March 31, 2015. However, as per information and explanations given to us the company will get continued support from the Government of India, hence financial statements have been prepared on Going Concern Assumption basis. Consequently, no adjustments have been made in accounts relating to the recoverability of recorded assets amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the Company.
- b) Para No. 9 of Notes B21 to the financial statements regarding impairment of assets, the Company has taken a certificate from Technical Expert Committee of the Company for net realizable value of fixed assets and according to the certificate the net realizable value is more than the carrying value of fixed assets as at March 31, 2015, hence no adjustments have been made in the books of accounts of the Company in respect of impairment of fixed assets.
- c) Para 10 of Notes B 21 to the financial statements regarding VRS of employees approved by Department of Heavy Industries, basis and quantum of compensation is to be finalized by the government to reduce further accumulation.

Other Matters:

1. We did not audit the financial statements / financial information of the subsidiaries whose financial statements / financial information reflect total assets of ₹ 50,261.87 Lakhs as at 31st March, 2015, total

revenues of ₹ 25,915.91 Lakhs and net cash flows amounting to ₹1,692.16 Lakhs for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statement/ financial information of joint venture company whose financial statements reflect total assets of ₹ 44.77 Lakhs and total revenue of ₹3.81 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 55,700.01 Lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of its joint venture company, whose financial statements / financial information have not been audited by us. These financial statements / financial information of the subsidiaries and joint venture entity are audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and joint venture company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint Venture company, is based solely on the reports of the other auditors.

2. In our Independent Auditors' Report of Holding Company, we have reported

- a. We did not audit the financial statements of certain branches/units. These have been audited by other Branch Auditors whose reports have been furnished to us and our opinion is solely based on the reports of Other Branch Auditors.
- b. The financial statements of Lamp Division have been merged with CHO Accounts and our report in so far as it relates to the amounts included in respect of this Division is based solely on Closing Balances of Last Year's Financial Statement of CHO Accounts.
- c. The Physical share certificates for 26,08,99,037 Equity Shares of M/s. HMT Machine Tools Ltd having value of ₹ 26,089.90 Lakhs and 4,43,00,000 Preference Shares of M/s. HMT Machine Tools Ltd having value of ₹ 44,300.00 Lakhs are not in the possession of the Company.
- d. Payments to third parties are being made relating to SUDMO-HMT Engineering (India) Ltd, Joint Venture

Company, are paid by the Company against which it receives the reimbursements from them.

e. The Branch Auditors of Tractor Division, Pinjore have Reported the following other matters:

- a) Balance in Current Maturities of GOI Loans – Statutory Dues and Working Capital and Bridge Loan as given in Note – 9 of the division's Balance Sheet amounting ₹ 2148.64 Lakhs has been given and we have relied on the basis of the Certificate received from the Management.
- b) During the year 2014-15, the Management has declared doubtful debts amounting ₹ 4410.10 Lakhs which is very high in percentage and full provision has been made in the Profit & Loss Account and accordingly, provision has been made of interest receivable on debts amounting ₹ 4756.73 Lakhs and we have relied upon the certificate obtained from the Management.
- c) During the year 2014-15, the provision for obsolescence has been shown by the Company amounting ₹ 438.29 Lakhs and we have relied upon the Certificate received from the Management of the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

3. The Statutory Auditors of HMT Watches Ltd have reported:

- i) The accounting of the following is as per Holding company's (HMT Limited) directions which are not verified by us, in the absence of detailed workings made available:
 - o Leave encashment provisions
 - o Gratuity provisions
 - o Settlement allowance
 - o Interest on loan from Holding company
 - o Loan from Government of India and HMT Limited
 - o Interest subsidy on loan from Holding company.

- ii) Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.
- iii) The company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013

4. The Statutory Auditors of HMT Machine Tools Ltd have reported:

We did not audit the financial statements of Six Branches included in the Financial Statements of the Company for the year ended on that date, as considered in the Financial Statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not qualified in respect of this matter.

5. The Statutory Auditors of HMT Chinar Watches Ltd have reported:

The financial statements of the Company as at March 31, 2014 and for the year then ended were audited by another firm of Chartered Accountants M/s S. K. Patodia & S who vide their report dated July 19, 2014 expressed an opinion on those Financial Statements.

Report on Other Legal and Regulatory Requirements:

- 1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. In the opinion of the auditors of joint venture Company, the reporting requirements under the order are not applicable and accordingly they have not reported on the matters specified in paragraphs 3 and 4 of the Order.

- 2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) Except for the matter described in Basis for Qualified Opinion paragraph above, the reports on the accounts of the branch offices of the Holding Company, and its subsidiaries, incorporated in India, audited under Section 143 (8) of the Act by branch auditors have been sent to us / the other auditors, as applicable, and have been properly dealt with in preparing this report.
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries – HMT

Bearings Ltd, HMT Chinar Watches Ltd, Joint Venture Company – Sudmo-HMT Process Engineers (India) Limited, incorporated in India, none of the directors of the said companies, its company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

On the basis of reports of its Subsidiary Companies –

HMT Watches Ltd: Based on the Notification No. GSR829(E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the requirements under sub-section (2) of Section 164 of the Companies Act, 2013 does not apply to the Company, being a Government Company.

HMT Machine Tools: Being a government Company provisions of section 164(2) of the Companies Act, 2013 is not applicable as per notification dated 5th June, 2015 issued by Department of Company Affairs, Government of India

HMT International Ltd: Being a government Company, provisions of section 164(2) of the Act, is not applicable, regarding appointment of Directors

- h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph and the Auditors' Report of HMT Watches Ltd, the

consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 34 to the consolidated financial statements. There were no pending litigations against the Joint Venture Company as per the report of their respective auditor.

The amount pertaining to tax related claims pending in appeal under the head "Others" for the period ended as on 31st March 2014 has been changed in the audited financial statements of HMT Watches Limited from ₹ 0.40 Lakhs to ₹1,077.26 Lakhs. In the consolidated report, we have taken only ` 0.40 as it was reflected in the previous year's report of HMT Watches Ltd.

- ii. Except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph above, the Group, its Joint Venture Company did not have any material foreseeable losses on long term contracts. There are no derivative contracts entered into by the Group and its Joint Venture Company.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, Joint Venture Company incorporated in India.

For DOKANIA S.KUMAR & CO.
Firm Registration Number. 322919E
Chartered Accountants

(CA. Sushil Kumar Dokania)
Partner
Membership No.057020

Place: Bangalore
Date: 10-08-2015

Annexure to the Independent Auditors' Report

As stated in Para 1 of the 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date, the following statement is based on the comments in the Auditors' reports on the standalone financial statements of the Holding Company and subsidiary companies incorporated in India.

- I.a) The Holding company and its subsidiary companies have maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets except in case of HMT Watched Limited.
- b) The Holding Company and its subsidiary companies incorporated in India have a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Group and the nature of its assets. In accordance with this programme, the fixed assets have been physically verified by the management except in case of HMT Watches Limited and Marketing Divisions of HMT Machine Tools Ltd located at Bangalore and Hyderabad Units and no material discrepancies have been noticed on such verification.
- II.a) The inventory, except in case of one of the Divisions of HMT Watches Ltd and Hyderabad and Praga Units of HMT Machine Tools Ltd, has been physically verified by the respective management of the Holding Company and its subsidiary companies incorporated in India during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, neither physical verification was conducted nor have written confirmations been obtained.
- b) The procedures for the physical verification of inventories followed by the management as referred to above are reasonable and adequate in relation to the size of the respective company and the nature of its business except in case of HMT Watches Ltd.
- c) The Holding Company and its subsidiary companies incorporated in India are maintaining proper records of inventory except in case of one of the Divisions of HMT Watches Ltd, wherein proper records for stock in trade (Watched and Spares) were not maintained. The discrepancies noticed on verification between the physical stocks and the book records were not material. In case of HMT Watches Ltd, no physical verification certificates in respect of stocks at show room/exhibition/on consignment are made available to their auditors and hence, they were unable to comment on Material discrepancies if any in respect of such stocks and its treatment in their books of accounts. In case of HMT Bearings Ltd, their Statutory Auditors observed that the material issue price as captured by the inventory package is not inclusive of CST component and suitable rectification is yet to be made in the software.
- III.a) As informed to us, the Holding company has granted loans to the bodies corporate, but has not maintained a register U/s 189 of the Companies Act, 2013. The subsidiary companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained by it under Section 189 of the Act.
- b) In the case of granting of loans to body corporates, the borrowers have been regular in the payment of interest. The terms of agreements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, Sub-Clause (b) of the Clause (iii) of the Paragraph 3 of the Order is not applicable.
- c) According to the information given to us, there are no overdue amounts more than Rupees One Lakh in respect of the loans granted to the bodies corporate by the Holding Company.
- IV. In their opinion and according to the information and explanations obtained by the statutory auditors of the Holding Company and its subsidiary companies incorporated in India, these companies have an adequate internal control system commensurate with the respective size of each company and the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services except

that for HMT Watches Ltd with regards to purchase of inventory. There is no continuing failure to correct major weaknesses in internal control system in any of these companies except in case of HMT Watches Ltd. As reported by the Statutory Auditors of HMT Watches Ltd, in regard to sale of watches and its spares and services, the internal control system needs to be further strengthened in Global Warehouse. In their opinion the internal control procedures of HMT Watches Ltd, needs to be further strengthened in the areas of reconciliation and obtaining confirmation of balances in respect of bank balances (relating to Watch Marketing Division), trade receivables, trade payables and advance received against sales. There is no audit committee constituted during the year.

- V. The Holding Company and its subsidiary companies incorporated in India have not accepted any deposits in accordance with the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- VI. The branch auditors of the Tractor Division and Food Processing Units of Holding Company, Statutory Auditors of HMT Bearings Ltd and HMT Machine Tools Ltd have broadly reviewed the books of account maintained by each company pursuant to the rules prescribed by the Central Government for maintenance of cost records under 148(1) of the Act wherever applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, the statutory auditors have not made a detailed examination of the records. For Other subsidiary companies incorporated in India, the Central Government has not prescribed the maintenance of cost records under 148(1) of the Companies Act, 2013, for the products and services of the Company.
- VII. a) According to the information and explanations given to and on the basis of the examination of the records of the HMT International Ltd by their respective statutory auditors, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other material statutory

dues, as applicable, have been generally regularly deposited during the year by each of these companies with the appropriate authorities. On the basis of examination of records of HMT Watches Ltd, HMT Machine Tools Ltd by their respective Statutory Auditors, the companies have not been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other statutory dues with the appropriate authorities. According to the information and explanations given to and on the basis of the examination of the records of the HMT Bearings Ltd by their respective statutory auditors, except for slight delays in deposit of ESI, Provident Fund dues, Taxes deducted at Source, Service Tax, the Company has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Sales Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it. According to the information and explanations given to and on the basis of the examination of the records of the HMT Chinar Watches Ltd, the Company is not regular in depositing the undisputed statutory dues in respect of Provident Fund, Income-tax though there is no delay in depositing Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax or any other material statutory dues.

According to the information and explanations given to the statutory auditors of HMT Bearings Ltd and HMT International Limited, no undisputed dues in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

According to the information and explanations given to the statutory auditors of the Holding Company, its subsidiary companies incorporated in India except those mentioned above, following are the undisputed

dues in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other material statutory

dues that were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

Sr. No.	Nature of Statute	Nature of Dues	Amount (₹)	Period to which amount related
HMT Limited-Corporate Head Office:				
1.	Income Tax*	TDS Defaults	349613.95	2014 – 15
2.	Income Tax*	TDS Defaults	1882503.25	2013- 14
3.	Income Tax*	TDS Defaults	2059936.74	2012-13
4.	Income Tax*	TDS Defaults	180257.95	2011-12
5.	Income Tax*	TDS Defaults	5182992.87	Prior Years
6.	Greater Hyderabad Municipal Corporation	Property Tax	15218224.00 7815398.00 4776018.00	Previous Years Arrear Penalty Current Tax
		TOTAL	37464944.76	
* Income Tax Website				

Sr. No.	Nature of Statute	Nature of Dues	Amount (₹)	Period to which amount related
Tractor Division, Pinjore:				
1.	Pinjore Sales Tax	Interest on Demand	21773033.00	2001-02 to 2005-06
2.	Sales Tax	Sales/ VAT Tax	2001521.00	November 2013- September 2014
3.	CPF	Provident Fund	49849972.00	Nov - 2013 Sept 2014
4.	EPF	Provident Fund	52246226.00	Nov - 2013 Sept 2014
5.	EPS	Provident Fund	3718381.00	Nov - 2013 Sept 2014
6.	VPF	Provident Fund	28928500.00	Nov -2013 Sept- 2014
7.	PF Loan and Interest	Provident Fund	53935211.00	Nov-2013 Sept-2014
8.	Professional Tax	Professional Tax	10200.00	Nov - 2013 Sept - 2014

HMT Watches Limited (As per their Statutory Auditors' Report): WMD Division:

Sr. No.	Nature of Statute	Nature of Dues	Amount (₹)	Period to which amount related	Date of Payment
1.	Karnataka Sales Tax Act and CST	Sales tax dues and interest	9879325.05	Not available	Not paid
2.	The Jammu Kashmir General Sales Tax Act, 1962	Sales tax dues	6984	Balance as on 1.4.2011	Not paid
3.	The Punjab Sales Tax Act	Sales tax dues – Chandigarh Showroom	533674	1983-84	Not paid
4.	The Madhya Pradesh General Sales Tax Act, 1958	Sales tax dues- Bhopal Showroom	1228460	Not available	Not paid
5.	The Assam General Sales Tax Act, 1993	Sales tax dues- Gawhati Showroom	254177	2002-03 2003-04	Not paid
6.	Provident Fund	Employees Contribution to PF	7099147	2014-15	Not paid
7.	Provident Fund	Employers Contribution to PF	2271855	2014-15	Not paid
8.	Sales Tax	Sales Tax	8334695.40	Not available	Not paid
9.	Income – TDS	Income Tax – TDS- V Nagraj- Sri Mookambika Travels	495139	Not available	Not paid
Watch Factory, Bangalore:					
1.	Income Tax Act, 1961	TDS	7750	Not available	Not paid
2.	Finance Act, 1994	Service Tax	181925	Not available	Not paid
3.	Central Excise Duty	Excise duty interest	4418535	Not available	Not paid
4.	Provident Fund	PF – Employers	1192327	Not available	Not paid
Watch Factory, Tumkur:					
1.	Gratuity	Gratuity	2368.49	Not available	Not paid
Watch Factory, Ranibagh					
1.	Provident Fund	PF	65081672	Outstanding for the period Apr 14 to Mar 15	Not paid
2.	Pension Fund	Pension Fund	5985892	Outstanding for the period Apr 14 to Mar 15	Not paid

HMT Machine Tools Ltd(As per their Statutory Auditors' Report):				
Sr. No	Nature of Dues	Amount (₹ in Lakhs)	Period to which amount related	Date of Payment
1.	Provident Fund, VPF and SPF	1645.91	Not available	Not paid
2.	Value Added Tax & CST	58.98		
3.	Pension Contribution	50.52	Not available	Not paid
4.	Income Tax (TDS)	17.36	Not available	Not paid
5.	Gratuity Settlement	461.83	Not available	Not paid
6.	Professional tax	210.84	Not available	Not paid
7.	Employee State Insurance	2.53	Not available	Not paid
8.	Property Tax	210.84	Not available	Not paid

HMT Chinar Watches Ltd. (As per their Statutory Auditors' Report):				
Sr. No	Nature of Dues	Amount (₹ in Lakhs)	Period to which amount related	Date of Payment
1.	Provident Fund	12.72	Not available	Not paid
2.	TDS on Holding Company		Not available	Not paid

- b) According to the information and explanations given to the statutory auditors of HMT International Ltd, HMT Bearings Ltd and HMT Chinar Watches Ltd, there are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise, Employees' State Insurance and Value Added Tax or Cess which have not been deposited on account of any dispute. According to the information and explanations given to the statutory auditors of the holding company, its subsidiary companies incorporated in India such dues of Income tax, Wealth tax, Sales Tax, Value added tax, Service tax, Customs duty, Excise duty and Cess as have not been deposited with the appropriate authorities on account of any dispute are as follows:

Sr. No	Nature of Authority	Amount (₹) in lakhs	Period
HMT Limited - Food Processing Unit			
1.	Appeal before Joint Commissioner (Appeal), Aurangabad	2.96	1989-90
2.		39.05	1999-00
3.		25.71	2000-01
4.		14.78	2001-02
5.		13.48	2003-04
6.		9.35	2004-05
		105.33	

Sr. No	Nature of the Statue	Nature of Dues	Amount (₹) in lakhs
HMT Watches Limited (As per their Statutory Auditors' Report):			
1.	Sales Tax		189.33
2.	Customs Act, 1962	Custom Duty, Redemption fine and Penalty	212.29
3.	Central Excise Act, 1944	Goods seized	169.33
4.	Others		1077.26
5.	Employees Provident Fund and Misc. Provisions Act, 1952	Interest under sec. 7Q of PF Act (Penal Interest for damages under Sec. 14F of the PF Act)	4305.62
6.	Arbitration	Arbitration cases	560.63

Sr. No.	Nature of Authority	Nature of Dues	Amount (₹) in Lakhs	Forum where the dispute is pending	Unit
HMT Machine Tools Limited (As per their Statutory Auditors' Report):					
1.	Central Excise Act, 1944, Cenvat Rules	Cenvat Credit	221.17	CESTAT	Bangalore Complex Division
2.	Central Excise	Reversal of Cenvat Credit	6.42	JT. COMM.CE(APPELS)	Bangalore Complex Division
3.	Central Excise	Reversal of Cenvat Credit	4.73	JT. COMM.CE(APPELS)	Bangalore Complex Division
4.	Central Excise	Reversal of Cenvat Credit	91.89	JT. COMM.CE(APPELS)	Bangalore Complex Division
5.	BBMP	Property Tax	987.72	Hon'ble Karnataka High Court	Bangalore Complex Division
6.	Central Excise Act, 1944	Modvat Credit	1.60	CESTAT	Hyderabad Unit
7.	Central Excise Act, 1944	Modvat Credit	39.36	Availment of Excise duty exemption under 10/97	Hyderabad Unit
8.	The Employees state insurance Act, 1948	ESI dues Employees	1.16	ESIC Court, Hyderabad	Praga Division
9.	The Employees state insurance Act, 1948	ESI dues Employees	1.42	ESIC Court, Hyderabad	Praga Division

- c) According to the information and explanations given to and on the basis of the examination by the statutory auditors of the records of the Holding Company, its subsidiary companies incorporated in India, the amounts required to be transferred by the Holding Company to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder the group did not have any dues on account of Investor Education and Protection Fund.

VIII. HMT International Limited has no accumulated losses at the end of the year on a standalone basis and has not incurred cash losses on a standalone basis in the current year and in the immediately preceding financial year.

The Holding Company has accumulated losses of ₹ 95,858.07 Lakhs at the end of the financial year on a standalone basis and it has also incurred cash losses of ₹ 9,385.31 Lakhs on a standalone basis in the current year (no cash losses in the immediately preceding financial year).

HMT Watches Ltd has accumulated losses of ₹ 251209.86 Lakhs on a standalone basis as at the close of 31st March, 2015, against which paid up capital is ₹ 649.01 Lakhs and the Company has incurred cash losses during the current year as well as in the immediately preceding financial year on a standalone basis. The net-worth of the Company has fully eroded at beginning of the financial year and the accumulated losses exceed the share capital of the Company consequently affecting the Going Concern assumption of the Company.

The accumulated losses of HMT Machine Tools Ltd have exceeded its net worth on a standalone basis. Consequently, the Company has filed application with BIFR during November, 2005 as per the provision of Sick Industrial Companies (Special Provisions) Act, 1985 and the sanction is received on June 13, 2008. Also during the year 2007-08, Government of India has sanctioned a revival plan envisaging infusion of funds by way of Preferential and Equity Capital, conversion of long term loan into Equity Capital and waiver of interest to address the negative net worth of the Company. Though the appeals before AAFIR and BIFR sanctions pending disposal, considering the revival plan of the company and BIFR sanctioned rehabilitation

scheme, the accounting continues to be prepared on Going Concern basis. The Company has incurred cash loss of ₹12,625.13 Lakhs during the year and ₹ 4369.98 Lakhs for the previous year on a standalone basis.

HMT Bearings Ltd has accumulated losses at the end of financial year and has incurred cash losses during the financial year on a standalone basis. The paid up capital of the Company is ₹ 37.70 Crores and the accumulated losses are ₹148.46 Crores on a standalone basis. The accumulated losses are more than fifty percent of the net worth of the Company. The Company was declared as Sick Industrial Undertaking under Section 3(1) of the SIC Act, 1985 on April 23, 2009.

The accumulated losses of HMT Chinar Watches Ltd have exceeded 50% of its net worth as at 31st March, 2015. The Company has incurred cash losses of ₹ 4,891 Lakhs in current financial year and ₹ 5,045 Lakhs in preceding financial year.

On a consolidated basis, there are accumulated losses of ₹ 5,33,707.76 Lakhs at the end of the year which exceeds the fifty percent of their consolidated net worth, and have incurred cash losses of ₹ 54,348.85 Lakhs during the year and ₹23,271.29 Lakhs in the immediately preceding financial year.

IX. In their opinion and according to the information and explanations given to the statutory auditors of the Holding Company and HMT Machine Tools Ltd, the companies have no continued defaults in repayment of their respective dues to the Financial Institutions, banks or debenture holders. HMT Watches Limited, HMT International Ltd and HMT Chinar Watches Ltd did not have dues to banks or Financial Institutions or debenture holders during the year. HMT Bearings Ltd has defaulted in repayment of dues with regard to loans taken from Government. The details of loan defaults are as follows:

Particulars	Principal (₹ in lakhs)	Interest (₹ in lakhs)	Total (₹ in lakhs)
Capex Loan from GOI	225.00	430.88	655.88
Loan for salaries & statutory dues from GOI including VRS compensations	3429.60	3351.92	6781.52
GOI Loan for repayment of Bank Loan	1156.00	857.17	2013.17

- X. According to the information and explanations given to the statutory auditors of the Holding Company and Subsidiary Companies, the holding company and its subsidiary companies incorporated in India have not given any guarantees for loans taken by others from financial institutions.
- XI. In their opinion and according to the information and explanations given to the respective statutory auditors, the Holding Company and its subsidiary companies incorporated in India have not raised any term loans. The term loans taken by HMT Watches Limited and HMT Chinar Watches Ltd from Government of India through Holding Company were applied for the purpose for which they were obtained.
- XII. According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies incorporated in India no instances of material fraud on or by each company has been noticed or reported during the course of audit by the statutory auditors of the Holding Company and its subsidiary companies incorporated in India.

As per our Report attached
For M/s. DOKANIA S KUMAR & CO.
(Firm Registration No. 322919E)
CHARTERED ACCOUNTANTS

(CA. Sushil Kumar Dokania)

Partner

Membershi No.057020

Place: Bangalore

Date: 10/08/2015

SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of financial statements

The financial statements are prepared as of a going concern, under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 and comply with the mandatory Accounting Standards prescribed under Section 133 of Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules 2014, the provisions of the Act (to the extent notified) and guidelines prescribed by the Securities & Exchange Board of India (SEBI).

Fixed Assets

Fixed Assets are stated at cost of acquisition or construction, net of Cenvat credit, less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

Land received free of cost from the State Governments has been nominally valued and incidental expenditure incurred thereon has been capitalized.

Expenditure on development of land is included in the cost of land.

Assets taken on Finance Lease are capitalized at fair value / NPV / contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on "Depreciation". If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Lease payments made for assets taken on Operating Lease are recognized as expense over the lease period.

Expenditure incurred on Reconditioning of plant, machinery and equipment which increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the Gross Book Value which results in:

(a) Modification of an item of plant to extend its useful life, including increase in its capacity;

(b) Upgrading machine parts to achieve a substantial improvement in the quality of out-put; and

(c) Adoption of new production processes enabling a substantial reduction in previously assessed operating costs.

The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is added to its gross block value.

The expenditure on Reconditioning of plant, machinery & equipment which do not increase the future benefits from the existing asset beyond the previously assessed standard of the performance based on the technical assessment, is charged off to Revenue.

Items of Capital Assets with WDV of ₹ 1 lakh and above, which have been retired from active use, are disclosed at lower of book value or net realizable value and shown separately in the Fixed Assets Schedule.

Depreciation

Depreciation on fixed assets is provided on straight line basis over the useful life of the various assets as prescribed in Schedule II to the Companies Act, 2013, pro-rata with reference to the date of addition or deletion. As and when assets gets fully depreciated, ₹ 1/- is retained as book value of the asset. Assets costing less than ₹ 10,000/- shall be depreciated to Re.1/- in the year of purchase.

Depreciation on fixed assets is calculated on a pro-rata basis from the date of such addition or as the case may be up to the date on which such asset is sold, discarded or destroyed.

Useful life specified in the Schedule is for whole of the asset. Where cost of a part (component) of the asset is significant to total cost of asset and useful life of that part is different from the useful life of the remaining asset:-

- a. If addition / replacement of the part (component) enhances the useful life / capacity of the asset, the useful life shall be reassessed & accordingly depreciation to be provided;
- b. If the addition / replacement of the part (component) does not enhance the useful life / capacity of the asset, the same shall be charged to P&L.

Premium for leasehold land is amortized equally over the period of lease.

Investments

Investments are either classified as current or long-term. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Gain or loss is recognized in the year of sale.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of materials is ascertained by adopting Weighted Average Cost Method.

Revenue recognition

Sales are set up based on:

Physical delivery of goods to the customer / customer's carrier /common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.

LR/GR obtained and endorsed in favour of customer (consignee 'self'), in case of FOR destination contracts.

Despatches to dealers/customers in respect of Machines, Tractors, Watches & Bearings

Sales include Excise Duty but are net of trade discount and exclude sales tax.

Income in respect of consultancy agreements/contracts is accounted, based on the ratio of work completed each year to the total value of the agreements/contracts.

Foreign currency transactions

Transactions in foreign currency are recorded in Indian rupee by applying to the foreign currency amount the exchange rate existing at the time of the transaction.

The outstanding balances of monetary items relating to foreign currency transactions are stated in Indian rupee by adopting the rate of exchange prevailing at the date of Balance Sheet. Exchange differences consequent to reinstatement are credited / charged to revenue.

The gain or loss in the conversion and / or settlement of liabilities incurred for acquisition of fixed assets is either credited or charged to revenue during the period such gain or loss arise.

In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit or loss in the reporting period in which the exchange rate changes.

Borrowing costs

Borrowing costs are charged to revenue except those which are incurred on acquisition or construction of a qualifying asset that necessarily takes substantial time to be ready and until intended use of the said asset, such costs are capitalized.

Employee Benefits

Provident Fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the company.

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

Gratuity is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation. Annual contributions are made, to the extent required, to a trust constituted and administered by the Life Insurance Corporation of India under which the coverage is limited to Rs. 50,000/- per eligible employee. The balance provision is being retained in the books to meet any additional liability accruing thereon for payment of Gratuity.

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

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

Warranty

Warranty provision for contractual obligations in respect of Machines, Tractors, Watches & Bearings sold is set up based on the past experience and is provided in the year of sale.

With regard to turnkey projects implemented by the Company warranty provision at the rate of 2 percent of the purchase value is provided.

Special Tools

Expenditure on manufactured and bought out special tools are amortized equally over a five year period or earlier, if

scrapped. Individual items costing less than Rs.750/- are written off fully in the initial year of acquisition / manufacture.

Income Tax

Taxes are determined following the tax effect accounting method and a provision therefore is recognized. A deferred tax asset or deferred tax liability is recorded to recognize the tax effect on timing differences arising on reconciliation of profit/loss as per financial statements and profit/loss as per taxation.

Earnings per share

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

Government Grants

Government Grants are accounted when there is a reasonable certainty of their realization. Grants related to revenue, unless received as compensation for expenses / losses, are recognized as revenue over the period to which these are related on the principle of matching costs to revenue. Grants related to depreciable fixed assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve.

Intangible Assets

Intangible assets are capitalized at cost if

- (a) It is probable that the future economic benefits that are attributable to the asset will flow to the company,
- (b) The Company will have control over the assets, and
- (c) the cost of these assets can be measured reliably.

Technical Know-how

Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.

Software

The cost of software internally generated / purchased for internal use which is not an integral part of the related

hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

Research and Development Expenditure

Research Phase:

Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

Development Phase:

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method.

Impairment of Assets

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

Others

The amount of ₹.50000/- per head received/receivable from LIC on account of gratuity claims in respect of employees separated under Voluntary Retirement Scheme during the year is accounted as Other Income.

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of ₹ 50000/-, Earned Leave Encashment (ELE), Settlement Allowance (SA) is debited to the respective provision accounts. The provision at the yearend for ELE and SA is restated as per the actuarial valuation done at the year-end. In case of ELE and SA, any short or excess provision is charged as expenditure or treated as provision no longer required.

Gratuity, Earned Leave encashment, Settlement Allowance and Lump sum Compensation paid to employees under Voluntary Retirement Scheme shall be fully written off in the year of incidence.

Expenses incurred in respect of Bonds issued for raising funds to meet payments made under the Voluntary Retirement Scheme are fully written off in the year of disbursement.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2015

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	186409.16	142035.01
(b) Reserves and Surplus	2	(514855.97)	(458565.40)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	3	-	44374.15
3 MINORITY INTEREST	4	19.89	-
4 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	5	131159.52	108645.94
(b) Deferred Tax Liabilities (Net)	6	121.31	119.15
(c) Long-term Provisions	7	20949.58	19875.89
5 CURRENT LIABILITIES			
(a) Short-term Borrowings	8	4936.32	9699.44
(b) Trade Payables	9	6651.70	7278.30
(c) Other Current Liabilities	10	203997.83	170369.58
(d) Short-term Provisions	11	22511.18	20023.24
TOTAL		61900.52	63855.30
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	12	9352.55	11152.69
(ii) Intangible Assets	12	48.60	86.83
(iii) Capital Work-in-Progress	12	1302.14	1297.84
(b) Non-Current Investments	13	57.23	72.23
(c) Long Term Loans & Advances	14	356.10	329.87
2 CURRENT ASSETS			
(a) Inventories	15	18157.83	19537.01
(b) Trade Receivables	16	10905.75	9185.54
(c) Cash and Cash Equivalents	17	12624.39	13464.41
(d) Short-term Loans and Advances	18	7414.28	7228.41
(e) Other Current Assets	19	1681.65	1500.47
TOTAL		61900.52	63855.30

Significant Accounting Policies.

See accompanying notes to the financial statements.

1-52

The Accompanying notes form an intergral part of the financial statements

For and on behalf of Board

 As per our Report attached
 For M/s. DOKANIA S KUMAR & CO.
 (F.R.N. 322919E)
 CHARTERED ACCOUNTANTS

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director

B. K. Subash
 Company Secretary

(CA. Sushil Kumar Dokania)
 Partner
 Membershi No.057020

 Place : New Delhi
 Date : August 10, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in lakhs)

Particulars	Note No.	Year ended 31-03-2015	Year ended 31-03-2014
REVENUE			
I Gross Revenue from Operations	20	29639.67	29088.51
Less: Excise Duty		<u>1975.96</u>	<u>2009.60</u>
Net Revenue from Operations		27663.71	27078.91
II Other Income	21	<u>4719.01</u>	<u>4459.82</u>
III Total Revenue (I + II)		<u>32382.72</u>	<u>31538.73</u>
IV EXPENSES			
Cost of Materials Consumed	22	8981.71	11113.80
Purchase of Stock in Trade	23	1543.93	850.68
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	24	804.99	(1109.60)
Employee Benefits Expense	25	34255.49	28630.41
Finance Costs	26	29147.74	26220.30
Depreciation & Amortisation Expenses	27	1236.86	1324.36
Other Expenses	28	11624.89	20380.79
Less: Jobs done for Internal use	29	<u>(354.12)</u>	<u>(400.51)</u>
Total Expenses		<u>87241.49</u>	<u>87010.23</u>
V Profit / (Loss) Before Exceptional, Extrordinary items, Adjustment for Prior Period Items and Tax (III - IV)		<u>(54858.77)</u>	<u>(55471.50)</u>
VI Add : Exceptional Items - Income / (Expenditure)	30	-	30971.63
VII Less : Prior Period Adjustments	31	<u>726.94</u>	<u>95.78</u>
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		<u>(55585.71)</u>	<u>(24595.65)</u>
IX Extra ordinary Items		-	-
X Profit / (Loss) Before Tax (VIII - IX)		<u>(55585.71)</u>	<u>(24595.65)</u>
XI <u>Tax Expense</u>			
(1) Current Tax		112.07	1898.48
(2) Deferred Tax		<u>2.23</u>	<u>2.13</u>
XII Profit / (Loss) for the Period (X - XI)		<u>(55700.01)</u>	<u>(26496.26)</u>
XIII Earnings Per Equity Share:			
Equites Share of Nominal value of ₹ 10/- each			
Before Exceptional Items - Basic & Diluted (in Rupees)		-	(7.30)
After Exceptional Items - Basic & Diluted (in Rupees)		-	(3.22)
After Tax - Basic & Diluted (in Rupees)		<u>(4.80)</u>	<u>(3.48)</u>
Number of Shares in computing Earnings Per Shares		<u>1160325355</u>	<u>760350140</u>

Significant Accounting Policies.

See accompanying notes to the financial statements.

1-52

The Accompanying notes form an intergral part of the financial statements

For and on behalf of Board

 As per our Report attached
 For M/s. DOKANIA S KUMAR & CO.
 (F.R.N. 322919E)
 CHARTERED ACCOUNTANTS

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director

B. K. Subash
 Company Secretary

(CA. Sushil Kumar Dokania)
 Partner
 Membershi No.057020

 Place : New Delhi
 Date : August 10, 2015

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
1	SHARE CAPITAL		
	AUTHORISED		
	123,00,00,000 (Previous year 123,00,00,000) Equity Shares of ₹ 10/- each	123000.00	123000.00
	8,70,00,000 (Previous year 8,70,00,000) Preference Shares of ₹ 100/- each	87000.00	87000.00
		210000.00	210000.00
	ISSUED, SUBSCRIBED & PAID UP		
	120,40,91,640 (Previous year 76,03,50,140) Equity Shares of ₹ 10/- each { of the above 3,18,85,900 (Previous year 3,18,85,900) shares are allotted as fully paid up for consideration other than cash}	120409.16	76035.01
	68,43,15,126 i.e., 90% (Previous year 75,18,53,740 i.e., 98.88%) Equity Shares of ₹ 10/- each are held by President of India alongwith nominees		
	4,43,00,000 (Previous year 4,43,00,000) 3.5% Redeemable Preference Shares of ₹ 100/- each Entire 3.5% Redeemable Preference Share Capital is held by President of India	44300.00	44300.00
	217,00,000 (Previous year 2,17,00,000) 8% Redeemable Preference Shares ₹ 100/-each Entire 8% Redeemable Preference Share Capital is held by President of India	21700.00	21700.00
		186409.16	142035.01

1.A During the year 44,37,41,500 Equity Shares were allotted to the President of India on Conversion of Government of India Loans (Long Term & Current maturity). However, the Shares have not been issued pending in-principle approval from the National Stock Exchange.

1B. Out of the issued, subscribed & paid-up Equity Shares, of the above 3,18,85,900 (Previous year 3,18,85,900) shares are allotted as fully paid up for consideration other than cash.

1C. The details of Shareholders holding more than 5% Shares

Name of the Shareholders	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% held	No. of Shares	% held
<u>Equity Shares:</u>				
Hon'ble President Of India	1128056626	93.69	684315126	90
<u>3.5% Redeemable Preference Shares</u>				
Hon'ble President Of India	44300000	100	44300000	100
<u>8% Redeemable Preference Shares</u>				
Hon'ble President Of India	21700000	100	21700000	100

1.D The reconciliation of the number of shares outstanding is set out below:

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2015

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
		No. of Shares	No. of Shares
	<u>Equity Shares:</u>		
	Shares at the beginning of the year	760350140	760350140
	Add: Shares Issued on account of Conversion of Loan from Govt of India	<u>443741500</u>	-
	Shares at the end of the year	<u>1204091640</u>	<u>760350140</u>
	<u>3.5% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	44300000	-
	Add: Shares Issued under Revival Plan of HMT Machine Tools Ltd, a Subsidiary	-	<u>44300000</u>
	Shares at the end of the year	<u>44300000</u>	<u>44300000</u>
	<u>8% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	21700000	-
	Add: Shares Issued during in the year	-	<u>21700000</u>
	Shares at the end of the year	<u>21700000</u>	<u>21700000</u>
2	RESERVES AND SURPLUS		
	Capital Reserve*		
	Opening Balance as per last Balance Sheet	2270.82	2270.82
	General Reserve		
	Opening Balance as per last Balance Sheet	16550.97	16550.97
	Add: Transfers during the year	<u>30.00</u>	-
		<u>16580.97</u>	<u>16550.97</u>
	Balance in Statement of Profit & Loss		
	Opening Balance as per last Balance Sheet	(477387.19)	(450874.18)
	Add: Share of Profit of Sudmo-HMT Process Engineers (India) Ltd.	4.42	-
	Add: adjustments relating to Fixed Assets (Refer Note No.12)	(586.09)	-
	Add: Profit/(Loss) for the year	<u>(55738.90)</u>	<u>(26513.01)</u>
	Net Surplus/(Deficit) in the Statement of Profit & Loss	<u>(533707.76)</u>	<u>(477387.19)</u>
	TOTAL	<u>(514855.97)</u>	<u>(458565.40)</u>
	*Differential amount in the face value of Equity Shares held by Government of Andhra Pradesh and Government of India in the erstwhile Praga Tools Ltd, which is merged with HMT Machine Tools Ltd and the consideration of ₹ 1/- to be paid to each of them as per the scheme of Merger sanctioned by BIFR.		
3	SHARE APPLICATION MONEY PENDING ALLOTMENT		
	Towards Conversion of GOI Loans into Equity Share Capital under Revival Plan of HMT Limited, approved by Govt. of India. (Share Deposit)	-	<u>44374.15</u>
	TOTAL	-	<u>44374.15</u>
4	MINORITY INTEREST	19.89	-
		<u>19.89</u>	-

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
5	LONG TERM BORROWINGS		
	SECURED	-	-
	UNSECURED		
	Loans from Government of India with interest @ 3.5% to 15.5%, repayable In 1-5 equal annual installments from the date of drawal of loan	130173.02	107659.44
	Amount of continuing default ₹ 83464.02 lakhs (<i>Previous year ₹ 72532.02 lakhs</i>)		
	Term Loans from Bank with interest @11.5% p.a. upto 31.5.2013 and 15% p.a. till the date of settlement	986.50	986.50
	Amount of continuing default Rs.Nil (<i>Previous year Rs.Nil</i>)		
	TOTAL	<u>131159.52</u>	<u>108645.94</u>
6	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liability arising on account of Depreciation	121.31	119.15
	TOTAL	<u>121.31</u>	<u>119.15</u>
7	LONG TERM PROVISIONS		
	<u>Provision for Employee Benefits:</u>		
	Gratuity	17688.40	17303.19
	Earned Leave Encashment	2504.03	1843.58
	Settlement Allowance	757.15	729.12
	TOTAL	<u>20949.58</u>	<u>19875.89</u>
8	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credits	4936.32	7989.74
	Short Term Loans	-	1709.70
		<u>4936.32</u>	<u>9699.44</u>
	UNSECURED	-	-
	TOTAL	<u>4936.32</u>	<u>9699.44</u>

Cash Credits and Short Term Loans as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and trade receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks. (*Amount of continuing default Rs.Nil (Previous year ₹.330.39 lakhs)*)

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
9	TRADE PAYABLES		
	Acceptances	409.00	248.96
	Dues towards Goods purchased & Services Received	5220.79	6366.55
	Dues to Micro, Small & Medium Enterprises	1021.91	662.79
	TOTAL	6651.70	7278.30
9.A	The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Companies as under:		
	Principal amount due and remaining unpaid	1021.91	662.79
	Interest due on above and the unpaid interest	547.43	364.47
	Interest remaining due and payable in the succeeding year until the dues are actually paid	4.71	3.76
	Interest paid		
9.B	Interest accrued and remaining unpaid as at the end of the accounting year		
	2014-15	388.86	364.47
	2013-14	85.33	60.94
	2012-13	83.43	83.43
	2011-12	72.58	72.58
	2010-11	60.40	60.40
	2009-10	55.24	55.24
	2008-09	31.24	31.24
	2007-08	0.64	0.64
10	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	18372.22	12915.25
	Interest accrued and due on borrowings		
	Government of India Loan	127594.77	103200.46
	Loan from Bank	1566.08	1418.10
	Interest accrued but not due on borrowings		
	Government of India Loan	14307.77	12209.24
	Others		
	Advance received against sale of land	889.62	889.62
	Advance received against sales	4254.36	4166.95
	Sundry Creditors - other dues	11986.79	10316.90
	Other liabilities	25026.22	25253.06
		203997.83	170369.58
11	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Gratuity	3994.70	1701.99
	Leave Encashment	817.23	495.58
	Settlement Allowance	252.47	132.06
		5064.40	2329.63
	Provision for Income Tax	1973.18	1900.06
	Provision for Contingencies	315.60	366.37
	Provision for Warranty	106.64	168.09
	Other provisions*	15051.36	15259.09
		22511.18	20023.24

* include provision towards 1992 Wage and Salary Revision

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET
12. FIXED ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation		Net Block	
	Balance as at 01-04-2014	Additions during the year 31-03-2015	Deductions/ Adjustments as at 31-03-2015	Balance as at 01-04-2014	Deductions/ Adjustments during the year 31-03-2015	Balance as at 31-03-2015	Balance as at 01-04-2014
I Tangible Assets							
Owned Assets:							
Land & Land Development	659.99	-	-	-	-	659.99	659.99
Buildings	6987.72	(18.39)	-	4755.56	163.52	1929.53	2232.16
Plant and Machinery	60821.51	21.31	90.28	52807.45	1052.91	6637.33	8014.06
Furniture, Fittings & Office Appliances	2083.86	2.40	17.60	1867.89	40.50	106.14	215.97
Transport Vehicles	255.85	-	16.55	239.56	4.82	5.74	16.29
Sub-total	70808.93	5.32	124.43	59670.46	1218.95	9338.73	11138.47
Leased Assets:							
Land-Leasehold	26.41	-	0.16	12.19	0.24	13.82	14.22
Total - I	70835.34	5.32	124.59	59682.65	1219.19	9352.55	11152.69
II Intangible Assets							
Design & Prototype	27.58	-	27.58	7.02	(7.02)	-	20.56
Tech. Acquisition/Development	88.36	-	-	22.09	17.67	39.76	66.27
Total - II	115.94	-	27.58	29.11	(7.02)	48.60	86.83
Total	70951.28	5.32	152.17	59711.76	1236.86	9401.15	11239.52
Previous Year	71136.15	20.15	205.02	58589.33	1324.36	59711.76	11239.52
Capital Work-in-Progress						1302.14	1297.84

Note:

- Quantum of loss due to Impairment of Assets as per AS-28 - Nil
- Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection.
- Pursuant to enactment of the Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying amount is being depreciated over the remaining useful lives. The written down value of Fixed Assets whose lives were expired as at 1st April, 2014 have been adjusted, in the opening balance of Statement of Profit and Loss Account of ₹ 586.09 Lakhs.

LAND

- The Company is in possession of gift land located at Bangalore, Pinjore, Kalamassery, Hyderabad measuring 267.49 acres, 822.67 acres, 378.85 acres, 888.05 acres, nominally valued at ₹ 1/-, gifted by the respective State Governments. The mutation of title of land in the name of the company is yet to be done. Out of the land located at Bangalore 7 acres has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the unauthorised occupants.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

- 2 The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- 3 In respect of lands at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to AP Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Andhra Pradesh. No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Andhra Pradesh, in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- 4 In respect of lands at Pinjore, Haryana, the State Government has issued an order for resumption of 446 acres of unutilised land, against which the Company has obtained a stay from the High Court of Punjab & Haryana against the said resumption order and the same is continuing. The Company has agreed and transferred about 5 acres of land to Haryana Irrigation department at their request for construction of Kaushalya Dam and compensation for the same is yet to be recovered pending mutation of title of land in Company's name, which is a subject matter of legal proceedings before the Punjab & Haryana High Court. Further, National Highways Authority of India has acquired about 11.73 acres of land for road widening project and compensation for the acquired land is awaited as the matter regarding mutation of title of land in Company's name is pending before the Punjab & Haryana High Court.
- 5 Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- 6 Land admeasuring 2.71 acres has been leased out to the Kerala Electricity Board and Postal authorities in Kalamassery. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi Metro Rail Ltd. for a period of 2 years from 6.6.2013 to 5.6.2015 and from 1.9.2013 to 31.8.2015 respectively, for stockyard and fabrication purpose. However, DH approval is awaited with respect to the land admeasuring 2.50 Ha.
- 7 In the matter relating to 195 acres and 33 guntas land handed over to HMT Machine Tools Ltd (HMT MTL) by the Govt. of Andhra Pradesh, HMT MTL has filed Writ petition No.20012 of 2003 on the file of Hon'ble High Court of AP against the Govt of Andhra Pradesh and Others wherein HMT MTL has sought directions for demarking 195.33 acres of land for handing over the same to HMT MTL. During recently conducted survey by HMT MTL, it has come to the notice that approximately 39 acres of land is not in the actual possession but payment for entire 195.33 acres of land has been made to the decree holders. Out of the above land, 6000 sq.mts of land is allotted to APSEB for setting up of 33 KV Switching Station and 33/11 KV Electrical sub station. The compensation payable by APSEB is not yet been determined. GHMC issued a notice vide no. 41/86/RW/TPS/ GHMC/SC/2007 dated 01-12-2007 to take over 238.86 sq. yards of land for road widening programme undertaken by them out of the 3000 sq. yards available at Kavadiiguda, Secunderabad without any compensation. HMT MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.
- 8 In respect of HMT MTL, land admeasuring 64.62 acres has been leased out to Hyderabad Metro Rail Corporation for a period of 3 years commencing from 1st September 2012 to 31st August 2015 for a temporary casting cum stacking yard.

OTHERS

- 9 In respect of HMT MTL, Plant & Machinery includes 8 items of Fixed Assets identified as surplus and for disposal, the net block of which is ₹ 16,80,779/-.
- 10 In one of the Units of the Company, some of the assets grouped under Plant & Machinery with WDV ₹ 23/-, Furniture, Fixtures & Office Appliances with WDV ₹ 22/- were burnt during fire and Transport Vehicle with WDV ₹ 1/- was lost due to theft, to be written off.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
13	NON CURRENT INVESTMENTS		
	Long Term Investments (Unquoted) - Valued at Cost less Permanent Diminution in the value of Investments		
	TRADE INVESTMENTS	-	-
	In Equity Shares		
	30,00,000 (Previous year 30,00,000) Ordinary Shares of Naira 1 each fully paid up in Nigeria Machine Tools Ltd, Nigeria.	171.55	171.55
	20,84,050 (Previous year 20,84,050) Equity Shares of ₹ 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar.	20.84	20.84
	2,94,800 (Previous year 2,94,800) Equity Shares of ₹10/- each (of which 1,34,000 [Prev. year 1,34,000] Shares at a premium of ₹140/- each) fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad	217.08	217.08
	In Equity Shares of Joint Venture		
	Nil (Previous year 1,50,000) Equity Shares of ₹10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore.	-	15.00
		409.47	424.47
	Less: Provision for diminution in value of Investment		
	Nigeria Machine Tools Ltd., Nigeria	171.55	171.55
	Gujarat State Machine Tools Corporation Ltd, Bhavnagar	20.84	20.84
	Andhra Pradesh Gas Power Corporation Ltd, Hyderabad	159.85	159.85
		352.24	352.24
	Total Non Current Investments	57.23	72.23
	Aggregate amount of Unquoted Investemnts	57.23	72.23
14	LONG TERM LOANS AND ADVANCES		
	Capital Advance		
	Unsecured Considered Good	356.10	329.87
	Unsecured Considered Doubful	7.88	7.88
		363.98	337.75
	Less:Provision for Doubtful Advance	7.88	7.88
		356.10	329.87
15	INVENTORIES*		
	Raw Materials and components	3601.22	3720.19
	Material and components in transit	290.44	564.79
	Work-in-progress	10039.81	11490.19
	Finished goods	5237.46	6248.08
	Stock in Trade	549.40	445.01

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
	Goods in Transit	1566.44	-
	Stores and spares	1332.96	1381.16
	Tools and instruments	802.51	789.96
	Scrap	115.49	130.31
		<u>23535.73</u>	<u>24769.69</u>
	Less: Provision for Non-moving Inventories	5377.90	5232.68
		<u>18157.83</u>	<u>19537.01</u>
	* Includes Stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / in site		
16	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	Considered good	4032.72	4231.88
	Considered doubtful	14001.51	13890.92
		<u>18034.23</u>	<u>18122.80</u>
	Others		
	Considered good	6873.03	4953.66
	Considered Doubtful	30.41	-
		<u>6903.44</u>	<u>4953.66</u>
	Less: Provision for doubtful debts	14031.92	13890.92
		<u>10905.75</u>	<u>9185.54</u>
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member		
		-	-
17	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	2651.91	58.09
	Balance with Banks in Current account	969.61	4269.44
	Balance with Banks in Deposit account*	8874.05	9034.13
	With Post Office in Savings Bank Accounts**	128.82	102.75
		<u>12624.39</u>	<u>13464.41</u>
	* Includes		
	Deposits with maturity of 3 months or less	158.46	140.78
	Deposits with more than 12 months maturity	1469.61	1405.98
	Deposits held as margin money or security against guarantees & other commitments	1996.73	1304.22
	** Pass Books deposited with Central Excise Authorities.		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
18	SHORT TERM LOANS AND ADVANCES*		
	Unsecured	-	-
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	Secured		
	Considered Good	263.32	9.49
		<u>263.32</u>	<u>9.49</u>
	Unsecured		
	Considered Good #	5919.43	6084.62
	Considered Doubtful	942.84	934.98
		<u>6862.27</u>	<u>7019.60</u>
	Less:Provision for doubtful advances	942.84	934.98
		<u>5919.43</u>	<u>6084.62</u>
	OTHER ADVANCES		
	Unsecured		
	Considered Good		
	Balance with Collectors of Customs, Central Excise, etc.,	33.82	43.40
	Deposits	774.20	777.67
	Advance Income Tax/TDS Receivable	423.51	313.23
		<u>1231.53</u>	<u>1134.30</u>
		<u>7414.28</u>	<u>7228.41</u>
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member.	-	-
	# Includes advances to suppliers, prepaid expenses, MODVAT Credit to be availed etc.		
19	OTHER CURRENT ASSETS		
	Special Tools	468.17	496.55
	Interest on Trade Receivable	5970.24	6190.76
	Less: Provision for interest on Trade Receivable	4756.76	5186.84
		<u>1213.48</u>	<u>1003.92</u>
		<u>1681.65</u>	<u>1500.47</u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
20	GROSS REVENUE FROM OPERATIONS*		
	INLAND		
	Sale of Products		
	Tractors	4832.84	6241.07
	Food Processing Machinery	487.52	738.00
	Accessories	176.32	169.73
	Sale of Services		
	Sundry jobs and miscellaneous sales	643.13	813.37
	Packing / Forwarding charges	7.59	8.41
		<u>6147.40</u>	<u>7970.58</u>
	MACHINE TOOLS		
	Sale of Products		
	Machine Tools	15007.96	13586.21
	Accessories	1909.08	2171.60
	Sale of Services		
	Sale of services	167.67	169.55
	Sundry jobs and miscellaneous sales	1663.97	1500.03
	Packing/forwarding charges	110.16	97.65
		<u>18858.84</u>	<u>17525.04</u>
	WATCHES		
	Sale of Products		
	Watches	892.79	784.13
	Sale of Services		
	Sale of services	2.68	3.35
	Sundry jobs and miscellaneous sales	25.04	48.44
	Packing/forwarding charges	13.61	15.36
		<u>934.12</u>	<u>851.28</u>
	BEARINGS		
	Sale of Products		
	Ball & Roller Bearings	1656.23	1631.28
		<u>1656.23</u>	<u>1631.28</u>
	EXPORTS		
	Sales & Commission	917.41	520.87
	Technical Services	14.74	2.07
	Project Works	1110.93	587.39
		<u>2043.08</u>	<u>1110.33</u>
	TOTAL	<u>29639.67</u>	<u>29088.51</u>
	* Nett of Trade Discount		

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
21	OTHER INCOME		
	Servicing Income	7.92	4.41
	Recoveries from Staff/Others	261.91	243.91
	Royalties	0.16	4.50
	Rent received	1212.67	1056.86
	Profit on sale of assets	30.16	49.09
	Interest Income		
	On Bank Deposits	672.28	479.07
	Interest from Dealers/Others	200.52	336.94
	Dividend from Subsidiaries	7.20	14.40
	Provisions no longer required withdrawn	1638.40	1285.30
	Grant received from GOI	-	17.09
	Other non operating income *	687.79	968.25
		4719.01	4459.82
	* includes Training expenses recovered, disposal of Scrap, Freight & Insurance recoveries		
22	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	3720.19	3859.16
	Purchases	8862.74	10974.83
		12582.93	14833.99
	Less: Closing Stock	3601.22	3720.19
		8981.71	11113.80
22.A	Particulars of Materials consumed:		
	Steel	602.51	473.18
	Non-ferrous Metals	6.85	14.50
	Ferrous Castings	914.01	1035.21
	Non-ferrous Castings	44.03	53.05
	Forgings	347.05	532.51
	Standard parts	2790.51	2197.47
	Components	4187.72	6640.37
	Others	89.03	167.51
	TOTAL	8981.71	11113.80
23	PURCHASES OF STOCK IN TRADE		
	Purchases of Stock in Trade	1543.93	850.68
		1543.93	850.68

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
24	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS, & STOCK IN TRADE		
	FINISHED GOODS		
	Closing Balance	5237.46	6248.08
	Opening Balance	6248.08	6695.27
		1010.62	447.19
	GOODS IN TRANSIT		
	Closing Balance	1566.44	-
	Opening Balance	-	-
		(1566.44)	-
	SCRAP		
	Closing Balance	115.49	130.31
	Opening Balance	130.31	111.70
		14.82	(18.61)
	WORK IN PROGRESS		
	Closing Balance	10039.81	11490.19
	Opening Balance	11490.19	9962.78
		1450.38	(1527.41)
	STOCK IN TRADE		
	Closing Balance	549.40	445.01
	Opening Balance	445.01	434.24
		(104.39)	(10.77)
	TOTAL	804.99	(1109.60)
25	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	22467.38	19290.27
	House Rent Allowance	828.99	630.90
	Gratuity	5461.35	3845.23
	Contribution to PF & FPS	2468.91	2064.22
	Deposit Linked Insurance	98.52	46.07
	Contribution to ESI	18.02	27.09
	Welfare Expenses	2912.32	2726.63
		34255.49	28630.41
	* Includes		
	Wages for Repairs to Machinery	799.38	710.46
	Wages for Repairs to Building	52.48	51.72
26	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	26504.85	23328.98
	Cash Credit loans from Banks	1027.59	1120.37

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
	Loans from Bank	147.98	-
	HMT Bonds	16.09	334.55
	Short Term Loan from Bank	-	167.88
	Others	1255.06	991.30
	Other Borrowing Cost		
	Finance Charges	19.55	14.42
	Bank / Discounting Charges	183.36	220.42
	(Gain) / Loss on Foreign currency transactions (Net)	(6.74)	42.38
		<u>29147.74</u>	<u>26220.30</u>
27	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation	1219.19	1303.93
	Amortisation of Intangible Assets	17.67	20.43
		<u>1236.86</u>	<u>1324.36</u>
28	OTHER EXPENSES		
28.1	Manufacturing Expenses		
	Consumption of Stores, Spares, Tools & Pkg. Matls.*	3616.26	3433.73
	Power and Fuel	1253.59	1474.37
	Excise Duty	228.28	142.79
	Repairs to machinery	55.44	61.67
	Amortisation of Special Tools	365.53	363.50
	Provision for Non Moving Inventories	291.20	346.64
28.2	Selling & Distribution Expenses		
	Rebate on Sales	149.56	139.99
	Selling & Distribution Expenses	8.39	4.42
	Advertisement and Publicity	64.42	47.56
	Carriage outwards	207.43	234.70
28.3	Establishment Expenses		
	Rent	115.24	112.43
	Rates and Taxes	331.96	405.60
	Insurance	51.92	54.41
	Water and Electricity	582.12	602.96
	Repairs to building	26.35	42.42
	Printing and Stationery	60.75	66.29
	Training expenses	134.49	81.09
	Auditors Remuneration #	10.74	13.20
	Provision for loss in value of investment	-	325.86
	Other Agents Commission	0.87	1.37
	Provision for Doubtful Debts, Loans and Advances	1153.12	9403.60
	Provision for Contingencies	-	34.14
	Warranty claims	101.94	180.10

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
	Loss sustained by PF Trust	237.70	236.13
	Loss on Assets sold	-	0.14
	Bad Debts / Advances written off	352.62	269.93
	Travelling Expenses	444.81	473.70
	Miscellaneous Expenses	<u>1780.16</u>	<u>1828.05</u>
		<u>11624.89</u>	<u>20380.79</u>
	* Includes Stores and Spares parts for:		
	Repairs to Machinery	30.02	35.33
	Repairs to Building	8.82	1.79
	# As Auditor	7.37	6.94
	For taxation matters	2.33	2.33
	For other services	0.30	0.38
	Reimbursement of expenses	0.37	1.12
	Service tax	0.37	0.48
	Cost Audit Fee & expenses	-	1.95
29	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	<u>(354.12)</u>	<u>(400.51)</u>
		<u>(354.12)</u>	<u>(400.51)</u>
30	EXCEPTIONAL ITEMS		
	Income		
	Interest Waiver on GOI Loans	-	24045.31
	Withdrawal of Interest on GOI Loans	-	8554.14
	Interest Waiver on One Time Settlement	-	975.40
	Guarantee Fee Waiver	-	375.92
		<u>-</u>	<u>33950.77</u>
	Less: Expenses		
	VRS Compensation	-	386.67
	Reversal of Income on land sale reversal	-	986.41
	Interest on Loan from Bank	-	1418.10
	Guarantee fee expenses	-	187.96
		<u>-</u>	<u>2979.14</u>
		<u>-</u>	<u>30971.63</u>
31	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	47.43	0.82
	Employee benefit expenses	65.72	3.55
	Other Expenses	<u>648.47</u>	<u>130.83</u>
		761.62	135.20
	Less:		
	Other Income	34.68	39.42
		<u>726.94</u>	<u>95.78</u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS
32 DISCLOSURE REGARDING PROVISION

Provision in respect of present obligations arising out of past events are made in the Accounts based on reasonable estimates of the obligations. Provision for Warranty is made as per the Accounting Policy.

The details of provision for Warranty claims are furnished below:

	(₹ in Lakhs)	
	As at 31.3.2015	As at 31.3.2014
Opening Balance	168.09	212.20
Additions during the year	76.74	171.43
Total	244.83	383.63
Less: Used during the year		
Utilised	72.85	141.94
Withdrawn	65.35	73.60
	138.20	215.54
Closing Balance	106.63	168.09

33 DISCLOSURE REGARDING RELATED PARTIES

1	Name of the Company	SUDMO HMT Process Engineers (India) Ltd, Bangalore
2	Nature of Relationship	Joint Venture Company

	(₹ in Lakhs)	
	2014-15	2013-14
3	Nature of Transactions	
	Advances given for expenses during the year	2.40
	Advances reimbursed by the Company	-
		4.34
4	Outstanding at the year end	4.85
		2.45

34 EARNINGS PER SHARE

	2014-15	2013-14
i)	Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lakhs)	(55700.01)
		(26496.26)
ii)	Weighted Average number of Equity Shares used as denominator for calculating EPS	1160325355
		760350140
iii)	Basic and Diluted Earnings per Share (₹)	(4.80)
		(3.48)
iv)	Face Value per Equity Share (₹)	10
		10

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
35	CONTINGENT LIABILITIES		
	The Company is contingently liable for:		
35.A	Claims against the Company not acknowledged as debts		
	I Tax related claims pending in appeal		
	i) Excise Duty	371.21	589.16
	ii) Sales Tax	409.72	459.96
	iii) Customs Duty	212.29	207.70
	iv) Property Tax	1850.60	1064.25
	v) Others	1077.26	135.43
	II Non receipt of related Forms against levy of concessional Sales Tax	7569.45	3064.93
	III Employee related claims relating to Lockouts, Back wages, Incentives & Annual bonus, etc., pending adjudication, to the extent ascertainable.	1140.25	1017.14
	IV Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	6577.08	5295.24
	V Guarantees/Counter Guarantees issued	1921.29	664.93
	VI Liability towards interest, penalty/damages as per 7Q and 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952	3932.74	5511.24
35.B	The Company had deposited ₹ 16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only ₹ 2,69,433/- as debts	13.31	13.31
35.C	Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
35.D	Estimated amount of contracts remaining to be executed on capital account and not provided for	595.12	225.34
35.E	The GOI had released a Plan Assistance of ₹ 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (₹ 100 lakhs) & Loan (₹100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of ₹ 200 lakhs. Accordingly, the Company has		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
	<p>refunded the Loan amount of ₹ 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of ₹10 each (₹ 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act, 1956 and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.</p>		
35.F	<p>Preference Share Capital</p> <p>The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of ₹ 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.</p> <p>Since the title deeds in respect of the identified immovable properties are not mutated in the name of the HMT-MTL, the sale of these properties have been approved by the Government as part of the Revival Plans of the Company (HMT Ltd). The Preference Share Capital will be redeemed upon sale of immovable property.</p>		
36	<p>Deferred Tax Asset/Liability</p> <p>Accounting for Taxes as per Accounting Standard-22. Deferred Tax balance as at March 31, 2014 comprising the timing difference between the profit as per financial statements and as per Income Tax is made up of:</p>		
	Deferred Tax Assets (Net) Opening Balance	(119.08)	(117.02)
	On Depreciation to Fixed Assets	(2.23)	(2.13)
	Deferred Tax Assets (Net) Closing Balance	<u>(121.31)</u>	<u>(119.15)</u>
37	<p>Inventories include</p>		
37.1	Excise Duty paid / payable on Closing Stock of Finished Goods & Scrap. However, this has no effect on the working results of the Company	417.03	453.53
37.2	Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	588.63	868.22
37.3	Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2015	As at 31-03-2014
38	Trade Receivables include		
38.1	Dues towards erection and commissioning for a period exceeding one year	419.27	130.74
38.2	Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	563.91
38.3	Dues from parties against whom cases have been filed before various Courts which are pending.	3430.00	3430.00
39	Advances include		
39.1	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	3.95	5.48
39.2	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	3680.55	3889.77
40	Other liabilities include unspecified/excess credits in bank accounts	17.73	17.73
41	The BIFR has sanctioned Rehabilitation Package for HMT MTL envisaging various sanctions, waivers and exemptions from various Govt. Agencies and Banks. The Order of BIFR was received by HMT MTL on 13.06.2008. However, some of the stake holders filed appeal with AAIFR against the Order of BIFR and final hearing yet to be heard. Pending the outcome of AAIFR Orders and other statutory formalities to be complied with, no effect has been given for the disputed waivers and exemptions in the financial statements of HMT MTL for the period ended 31.3.2015, from the various stake holders as envisaged in the DRS, approved by BIFR.		
42	HMT Bearings Ltd, a Subsidiary Company has been declared as "Sick Industrial Undertaking" u/s 3(1)(o) of SICA, 1985, on 23rd April 2009.		
43	Balances under 'Trade Receivables', 'Loans & Advances', 'Trade Payables' and 'Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.		

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT & LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
44	Sales is net off sales returns		
	Sales returns in respect of		
	a Tractors & Spares	0.09	85.90
	b Machine Tools	18.81	0.65
45	Employee Benefit expense include		
	a Provision for Earned Leave encashment made based on Actuarial valuation of Earned Leave at credit as at the year end.	1726.83	812.26
	b Provision for Settlement Allowance made based on Actuarial Valuation	268.84	169.27
46	Gratuity has been provided /paid under a Group Gratuity Policy with Life Insurance Corporation of India. Additional provision made during the year for full coverage in excess of ₹ 50,000/- per employee based on actuarial valuation by LIC [full coverage in case of HMT Bearings Ltd & HMT (International) Ltd].	5451.87	3845.23
47	Value of Special Tools individually costing less than ₹ 750/- written off during the year.	55.47	58.65
48	Revenue expenditure on Research & Development charged to Statement of profit & loss	537.16	446.86
49 A	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		
49 B	Figures of M/s Sudmo HMT Process Engineers (India) Limited, Bangalore not included in the previous year's consolidation.		

50 PRINCIPLES OF CONSOLIDATION OF FINANCIAL STATEMENTS

The consolidated financial statements relate to HMT Limited ('the Company') and its Subsidiary Companies. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified by Companies (Accounting Standard) Rules, 2014 on the following basis:

a. The Subsidiary Companies considered in the Financial Statements are as follows

	Country of Incorporation	Proportion of ownership Interest	
		2014-15	2013-14
i) HMT Machine Tools Limited	India	100%	100%
ii) HMT Watches Limited	India	100%	100%
iii) HMT Chinar Watches Limited	India	100%	100%
iv) HMT (International) Limited	India	100%	100%
v) HMT Bearings Limited	India	99.4%	99.4%
vi) Sudmo-HMT Process Engineers (India) Ltd.	India	50%	

b. The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after eliminating intra group balances, intra group transactions and any unrealised profit/loss included therein.

c. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and are presented to the extent possible in the same manner as the Company's separate financial statements.

**DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 15 (REVISED)
- EMPLOYEE BENEFITS**

The Gratuity has been provided by the Company under a Defined Benefit Plan to cover the eligible employees, the liability being determined on actuarial valuation done by LIC using Projected Unit Credit Method. The Company has taken a Policy under Group Gratuity Scheme comprising of HMT Limited, HMT Machine Tools Limited, HMT Watches Limited and HMT Chinar Watches Ltd. with LIC and annual contributions are made to the extent required, to the separate Trust constituted and administered by the Life Insurance Corporation of India under which the coverage is limited to ₹ 50,000/- per eligible employee. In respect of HMT Bearings Ltd. and HMT (International) Ltd the Group Gratuity Policy has been taken for coverage of ₹ 10,00,000/- per eligible employee. In respect of Praga Tools Division, Hyderabad of HMT Machine Tools Ltd, there exist no Policy under Group Gratuity scheme with LIC.

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

1 Retirement Age	58 years	(60 years in HMT Ltd. & HMT (I) Ltd.)
2 Future Salary escalation	7% p.a.	
3 Rate of discount	8% p.a.	
4 Attrition rate	1 to 3% depending on age	
5 Mortality rate	LIC (1994-96) Ultimate	

The provision for gratuity as on 31-03-2015 for the balance amount based on the above assumptions for over and above the amount covered under the LIC policy in respect of the Company is ₹ 20459.63 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2014-15	2013-14
1 Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	2204.45	2331.29
Interest cost	176.36	186.50
Current Service Cost	11.43	19.03
Benefits Paid	183.38	295.01
Actuarial (gain)/loss on obligations	(167.38)	(37.36)
Present value of obligation as at end of year	2041.48	2204.45
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	3231.92	2827.92
Expected return on plan assets	285.46	248.15
Contributions	32.00	450.86
Benefits paid	183.38	295.01
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	3366.00	3231.92
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	3231.92	2827.92
Actual return on plan assets	285.46	248.15
Contributions	32.00	450.86
Benefits Paid	183.38	295.01
Fair value of plan assets at the end of year	3366.00	3231.92
Funded status	1324.52	1027.47

**DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 17
- SEGMENT REPORTING**
I Primary Segment information:

(₹ in lakhs)

Particulars	Machine Tools	Watches	Tractors	Bearings	Exports	Sudmo-HMT	Total
1 Segment Revenue							
- External Turnover	18858.84	934.12	6147.40	1656.23	2043.08	-	29639.67
- Intra Segment Turnover	-	-	-	-	-	-	-
- Inter Segment Turnover	-	-	-	-	-	-	-
Gross Turnover	18858.84	934.12	6147.40	1656.23	2043.08	-	29639.67
Less: Excise Duty	1644.00	30.87	119.05	182.04	-	-	1975.96
Net Turnover	17214.84	903.25	6028.35	1474.19	2043.08	-	27663.71
2 Segment Result before interest							
PPA, EOI & Taxes	(10241.56)	(7587.18)	(7819.24)	(174.49)	110.09	1.35	(25711.03)
Interest	3134.66	22632.30	1835.62	1600.73	(55.58)	0.01	29147.74
Profit before Exceptional, Extra Ordinary items, PPA and Taxes	(13376.22)	(30219.48)	(9654.86)	(1775.22)	165.67	1.34	(54858.77)
Exceptional Items	-	-	-	-	-	-	-
Prior period adjustments (PPA)	117.44	605.40	1.80	2.30	-	-	726.94
Profit before Extra Ordinary Items	(13493.66)	(30824.88)	(9656.66)	(1777.52)	165.67	1.34	(55585.71)
Extra Ordinary Items							
Profit/(Loss) before Tax	(13493.66)	(30824.88)	(9656.66)	(1777.52)	165.67	1.34	(55585.71)
Current Tax					111.66	0.41	112.07
Deferred Tax					2.23	-	2.23
Profit/(loss) after Tax	(13493.66)	(30824.88)	(9656.66)	(1777.52)	51.78	0.93	(55700.01)
3 Other information							
Segment Assets	32859.50	8049.69	13287.12	3016.58	4662.78	24.85	61900.52
Segment Liabilities	71524.66	255708.70	47477.40	13928.19	1688.41	0.08	390327.44
Capital Expenditure	1.35	0.00	3.23	0.00	0.74	-	5.32
Depreciation	868.53	66.32	271.35	16.03	14.63	-	1236.86
Non Cash Expenses other than depreciation							

Note: As per Accounting Standard on Segment Reporting (AS-17) notified by Companies (Accounting Standards) Rules, 2014, the Company has reported segments information on Consolidated basis (including businesses conducted through its Subsidiaries)

II Secondary Segment Information:

(₹ in lakhs)

1. Segment Revenue - External Turnover		3. Segment Liabilities	
- Within India	27596.59	- Within India	390327.44
- Outside India	2043.08	- Outside India	-
Total	29639.67	Total	390327.44
2. Segment Assets		4. Segment Capital Expenditure	
- Within India	61900.52	- Within India	5.32
- Outside India	-	- Outside India	-
Total	61900.52	Total	5.32

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(₹ in lakhs)

	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) Before Tax and Extra-ordinary Items	(55585.71)	(24595.65)
Adjustment for:		
Depreciation	1236.86	1,324.36
Exceptional Items - Interest Wavier etc.,	-	(31358.30)
Profit on Sale of Fixed Assets (net)	(30.16)	(48.95)
Amortisation of Special Tools	365.53	363.50
Foreign Exchange (net)	(6.74)	42.38
Interest debited (Net)	28281.68	25127.07
Dividend received	(7.20)	(14.40)
Provision for Obsolescence, Doubtful debts, Advances	(194.08)	29645.89
	<u>29645.89</u>	<u>8,824.94</u>
Operating Profit Before Working Capital Changes	(25939.82)	(20335.05)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	(1971.12)	1346.52
(Increase)/Decrease in Inventories	1233.96	(927.46)
(Increase)/Decrease in Other Current Assets	83.89	(135.00)
Increase/(Decrease) in Trade payables	4462.47	3809.20
	<u>3809.20</u>	<u>3373.31</u>
Cash Generated From Operations	(22130.62)	(16677.68)
Direct Taxes paid	(149.28)	(307.26)
Cash Flow Before Extra - ordinary Items	<u>(22279.90)</u>	<u>(16984.94)</u>
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(22279.90)</u>	<u>(16984.94)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9.62)	(23.02)
Sale proceeds of Fixed Assets	30.34	52.04
Sale of Investments	-	-
Dividend Received	7.20	14.40
Interest Received	672.28	479.07
NET CASH USED IN INVESTING ACTIVITIES	<u>700.20</u>	<u>522.49</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in lakhs)

	Year ended 31.03.2015	Year ended 31.03.2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	66074.15
Proceeds from Long Term/Short Term Borrowings	27943.75	13252.01
Repayment of Long Term/Short Term Borrowings	(4736.32)	(51557.52)
Repayment of Finance Lease Liabilities	-	-
Exchange Difference (net)	6.74	(42.38)
Dividends paid	-	-
Interest Paid	(2513.66)	(3322.45)
NET CASH USED IN FINANCING ACTIVITIES	20700.51	24403.81
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(879.19)	7941.36
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	13503.58	5523.05
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	12624.39	13464.41
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(879.19)	7941.36

Note: 1) Above statement has been prepared under the Indirect method as set out in notified AS 3 - Cash Flow Statement

2) Cash and Cash Equivalents has been considered as per Note No.B17.

3) Opening Cash and Cash Equivalents as on 1-4-2014 includes Rs. 39.17 lakhs iro Sudmo-HMT Process Engineers (India) Ltd.

For and on behalf of Board

 As per our Report attached
 For M/s. DOKANIA S KUMAR & CO.
 (F.R.N. 322919E)
 CHARTERED ACCOUNTANTS

S. Girish Kumar
 Chairman & Managing Director

P. Sivarami Reddy
 Director

B. K. Subash
 Company Secretary

(CA. Sushil Kumar Dokania)
 Partner
 Membership No.057020

 Place : New Delhi
 Date : August 10, 2015

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES OF HMT LIMITED FOR THE YEAR ENDED 31st MARCH 2015

(₹ in lakhs)

Sl. No.	Particulars	HMT Machine Tools Ltd	HMT Watches Ltd	HMT Chinar Watches Ltd	HMT Bearings Ltd	HMT (International) Ltd	Sudmo-HMT Process Engineers (India) Ltd.
a)	Capital	71959.91	649.01	166.01	3770.91	72.00	30.00
b)	Reserves & Surplus	(111207.18)	(251209.86)	(58685.76)	(14822.20)	3139.11	4.88
c)	Total Assets	32859.50	7407.93	641.76	3016.58	4662.78	24.85
d)	Total Liabilities	71524.66	205066.29	50642.41	13928.19	1688.41	0.08
e)	Investments	-	-	-	41.15	-	-
f)	Turnover	18858.84	843.63	90.49	1656.23	2043.08	-
g)	Profit/(Loss) before Taxation	(13493.66)	(25920.26)	(4904.62)	(1777.52)	165.67	1.34
h)	Provision for Taxation	-	-	-	-	113.89	0.41
i)	Profit/(Loss) after Taxation	(13493.66)	(25920.26)	(4904.62)	(1777.52)	51.78	0.93
j)	Proposed Dividend (%)	Nil	Nil	Nil	Nil	20%	Nil