

HMT LIMITED

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BOARD OF DIRECTORS

Shri Harbhajan Singh

Chairman & Managing Director (w.e.f 15.06.2013)

Shri S.G. Sridhar

Chairman & Managing Director (upto 14.06.2013)

Ms. Kusumjit Sidhu

Director

Shri Antony Chacko

Director (Operations)

CHIEF VIGILANCE OFFICER

Smt M. Indu Madhavi

Chief Vigilance Officer

COMPANY SECRETARY

Shri U. Jagadish Nayak

General Manager & Company Secretary

Compliance Officer

STATUTORY AUDITORS

M/s S.R.R.K. Sharma Associates

Chartered Accountants

Bangalore

BANKERS

UCO Bank

Punjab National Bank

REGISTERED OFFICE

"HMT BHAVAN"

59, Bellary Road

Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

(₹ in Lakhs)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
OPERATING STATISTICS										
Sales	10095	16112	20086	19164	16098	17108	22729	24833	20386	15801
Other Income *	4756	4658	5475	1078	1425	1267	11458	5621	9030	6549
Materials	5365	12118	13746	12083	10596	14064	15125	17461	14710	9952
Employee Costs	7070	7499	8371	6762	6367	6472	6106	5813	5930	5231
Other Costs	4090	2906	3140	3252	4811	4080	8351	5868	6236	6863
Depreciation	355	440	387	392	340	299	321	393	416	419
Earnings before Interest	(4135)	735	(16)	(3323)	(5664)	(4466)	3639	900	2024	(208)
Interest	10403	8955	7908	1968	1234	131	(409)	(455)	174	511
Earnings/(Loss) before Tax	(14538)	(8220)	(7924)	(5291)	(6898)	(4597)	4048	1355	1850	(719)
Taxation (net off withdrawal/refunds)	-	-	-	-	181	(130)	(1382)	28	1252	77
Net Earnings	(14538)	(8220)	(7924)	(5291)	(7079)	(4467)	5430	1327	598	(796)
FINANCIAL POSITION										
Net Fixed Assets	3159	3507	3868	4028	4094	3751	3342	3437	3317	3683
Current Assets	68604	70619	65557	72668	71078	73167	112729	111417	115431	95292
Current Liabilities & Provisions	26928	25701	24309	21437	19445	19653	20914	20366	19859	20246
Working Capital	41676	44918	41248	51231	51633	53514	91815	91051	95572	75046
Capital Employed	44835	48425	45116	55259	55727	57265	95157	94488	98889	78729
Investments	76556	76556	76556	76556	76571	76571	76571	7801	4639	4589
Miscellaneous Expenditure	-	-	-	-	29	197	380	3845	4594	4822
Borrowings	82349	71401	59871	62091	57312	52098	85553	92742	99637	82055
Net Worth	39043	53581	61800	69724	74986	81897	86181	8146	2492	1116
OTHER STATISTICS										
Capital Expenditure	7	81	227	327	681	707	230	556	54	58
Internal Resources Generated	(14183)	(7780)	(7537)	(4899)	(6739)	(4168)	5751	1720	1014	(377)
Working Capital Turnover Ratio	0.24	0.36	0.49	0.37	0.31	0.32	0.25	0.27	0.21	0.21
Current Ratio	2.55	2.75	2.70	3.39	3.66	3.72	5.39	5.47	5.81	4.71
Return on Capital(%)	(8.87)	1.57	(0.03)	(5.99)	(10.03)	(5.86)	3.84	0.93	2.28	(0.53)
Employees (Nos)	1442	1699	1904	2088	2205	2296	2383	2429	2489	2568
Per Capita Sales	7.00	9.48	10.55	9.18	7.30	7.45	9.54	10.22	8.19	6.15

* Includes Extra Ordinary Items

DIRECTORS' REPORT

To
The Members,
HMT Limited
Bangalore

Dear Members,

The Annual Accounts of the Company for the year 2012-13 along with the Auditors' Report and the Comments of the Comptroller & Auditor General of India are attached to this Report.

CORPORATE PERFORMANCE

The growth of the Indian economy, as per the Provisional Estimates, in terms of Gross Domestic Product (GDP) is estimated at 5.0 per cent in 2012-13 with agriculture, industry and services registering growth rates of 1.9 per cent, 2.1 per cent and 7.1 per cent respectively. The growth in GDP is placed at 4.8 per cent in the fourth quarter of 2012-13.

The Exports decreased by 1.1 per cent and imports increased by 7.0 per cent, in US dollar terms during May 2013 over May 2012. According to the World Bank's latest India Development Update, a bi-annual report on the Indian economy, India is expected to record 6.1 per cent gross domestic product (GDP) growth in the current fiscal. The growth is expected to increase further to 6.7 per cent in 2014-15. Prospects for agriculture are encouraging since monsoon for the year 2013-14 is near normal and is expected to spur agricultural growth resulting in demand for Company's Products. The macroeconomic and industrial scenario in the Country during the year under review was extremely demanding and continues to be same during the current year so far.

In the Company's main business portfolio of Tractors, the market indicators reveal that the industry recorded growth

of 4% in terms of quantity, but there was a negative growth in value terms to 10% during the year under review. Your Company had to face severe pressure in its performance parameters during the year due to lack of working capital during peak season which effected the production activities during such crucial periods. Your Company could record a Production of only ` 63.05 Crore (1309 Nos. of Tractors) during the year as against ` 182.98 Crore (4453 Nos. of Tractors), in the previous year, and Sales of ` 100.95 Crore (2005 Nos. of Tractors) compared to ` 161.12 Crore (3639 Nos. of Tractors) in the previous years, which was the lowest achieved in recent times. During the year under review, the Company had to reconcile the sales registered in the previous year 2011-12 and give effect to the same in the accounts, due to certain practices followed by the Tractor Unit which were not in accordance with the established Accounting Standards/practices. Necessary corrective measures have been taken in this regard to establish proper accounting norms as per the Accounting Policies and Accounting Standards in vogue.

The HMT Group Companies including the Subsidiaries achieved an aggregate Production of ` 306.86 Crore and Sales of ` 383.70 Crore during the year 2012-13.

OPERATING RESULTS

During the year under review, the operations of your Company resulted in a negative Gross Margin of ` 21.24 Crore as compared to the Gross Margin of ` 11.77 Crore in the previous year. The Operations of your Company resulted in a Net Loss of ` 145.38 Crore during the year 2012-13, when compared with ` 82.20 Crore recorded in the previous year, which was mainly due to lower capacity utilization in the Tractor business and the higher interest burdens on account of Loans availed from the Govt of India under various heads. The financial highlights for the year 2012-13, are as under:

FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	2012-13	2011-12
Gross Profit/(Loss) (PBIDT)	(21.24)	11.77
Depreciation & Amortization	3.55	4.40
Finance Cost	104.03	89.55
Profit/(Loss) before PPA	(128.82)	(82.18)
Less: Prior Period Adjustments (PPA)	16.56	0.02
Net Profit/(Loss) before tax	(145.38)	(82.20)
Tax Provision (Net)	-	-
Net Profit/(Loss) after tax	(145.38)	(82.20)
Net Profit/(Loss) carried to Balance Sheet	(145.38)	(82.20)

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. In view of the losses incurred during the year, no reserve has been created for Bonds redemption as required.

FINANCIAL POSITION

Due to the sub-optimal performance during the year under review, the Net Loss for the year to increased to ₹ 145.38 Crore, adversely affecting the Net Worth position of the Company. Further, on account of the loans of India during the year, the interest liability also shot up, adversely affecting the bottom line.

During the year 2012-13 the Tractor Division reported Production of 2523 Tractors and Sales 3333 Tractors in order to report increased performance and after the comprehensive audit taken up by the Company through a special team of Auditors, Production 1214 Nos of Tractors and Sales of 1328 Nos of Tractors had to be reversed. As a result of such inflated reporting of performance by the Unit, the Company's overall performance was severely affected and created an aberration and disciplinary action was initiated against senior executives of the Tractor Division as well as against the Chief executive of the Company. All necessary steps have since been taken during last three months to set right the systems and procedures in the

Unit in accordance with guidelines of the Company and prevailing accounting norms. Both administrative and organizational changes have been effected at various levels in the Unit to strictly ensure that instances of incorrect reporting of Production and Sales are not repeated in future.

FUTURE OUTLOOK

The Tractor industry is expected to grow by 6-8 percent this fiscal owing to near normal monsoon and improvement in rural economy. The Auto Policy of the Government also encourages this sector favorably. Although low HP tractors have only a negligible presence even now, the segment has more than doubled its market share in the past three years. There is an inherent expansion in tractor demand in this segment because of shortage of farm labour/increase in wage rates due to alternative employment opportunities available to workers under National Rural Employment Guarantee Act leading to increased tractor viability even for small/medium size land owners. Low HP tractors are also affordable for farmers with small land holdings that make them a viable option.

Growth in the segment is expected to remain buoyant because of increased application of lower HP tractors for smaller grounds, narrow spaces, orchards and cropping, etc. 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 2013-14 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. 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 MoUs with Banks/ Financing Agencies for priority loan sanction for the purchase of HMT Tractors, dynamic business strategies, etc., which are expected to yield results in the current financial year.

The future plans of your Company envisages plant modernization and technology up gradation which will contribute to better productivity and give a thrust to the growth trends in the coming years. The Government has approved Revival and Financial Restructuring Plan for the Company (HMT Ltd) as recommended by the BRPSE during April 2013, which envisages financial support, waivers etc from Government of India. The salient features of the approved Revival Plans amounting to ` 1083.48 Cr., to be implemented in a phased manner are as follows:

- Cash infusion of ` 447.92 Cr. in the form of issue of 8% redeemable Preference Share Capital of the face value of ` 425 Cr. for Plant modernization & capacity augmentation, technology upgradation, working capital, repayment of certain identified liabilities etc. and a Bridge Loan from Government of India at ` 22.92 Cr. at 7% interest p.a., over a period of 2 years;
- Non cash assistance in the form of conversion of Government of India Loans into Equity to the extent of ` 429.92 Cr. and waiver of accumulated interest of ` 205.64 Cr. on Government of India Loans;
- The Government has also approved for implementation of revised Pay Scales/Wages 1997 and revision in the retirement age of employees from 58 years to 60 years from the date of approval of the Revival Plan by Government i.e. 18.4.2013;
- Government has given permission to sell identified surplus land for redemption of the Preference Share Capital and repayment of bridge loan to Government. Formal financial sanctions for Cash infusion and Non Cash assistances etc is expected shortly from the Government after budgetary allocations are made;

The Shareholders of the Company at its Extra Ordinary General Meeting held on June 21, 2013, have considered and Approved the Increase in Authorised Share Capital of the Company from ` 1450 Crore to ` 2100 Crore. The Board also approved, inter-alia, the issue and allotment of fully paid redeemable cumulative 3.5% Preference Share Capital of the face value of ` 443 Cr. in favour of President of India as per the terms of sanction of the investment by Government.

In compliance with the requirement of minimum public shareholding (MPS) of 10% as per Securities Contract (Regulations) (Amendment) Rules, 2010 and SEBI guidelines on MPS, the competent authority has approved the transfer of 67538614 Government shares in the Company held by the President of India of the face value of ` 10/- each to the Special National Investment Fund (NIF) for the purpose of making the Company compliant with the MPS norms of 10% which was effected on 7.8.2013.

The Government of India has issued sanction vide F.No. 5(4)/2011-PE.X (Vol.III) Pt. V dated September 17, 2013 releasing an amount of ` 217,00,00,000/- towards subscription to the privately placed issue of preferential shares of the Company for meeting the expenditure on technology upgradation (` 30 Crore), working capital (` 45 Crore) and discharge of overdue liabilities (` 142 Crore) for which the Company has to issue 2 year 8% preferential share Capital comprising of 2,17,00,000 shares of the face value of ` 100/- each at par in the name of President of India. The shares will be allotted to the Government with the approval of the Board of Directors of the Company. The Govt of India has also sanctioned release of a GOI Bridge Loan of ` 11.46 for meeting the expenditure towards additional impact on account of pay revision as per requirement of the revival plan approved by CCEA.

SUBSIDIARY COMPANIES

- **HMT Machine Tools Limited**

The Subsidiary achieved Sales of ` 236.23 Crore against ` 240.46 Crore achieved in previous year. Net loss reported is ` 43.65 Crore during the year 2012-13 against reported loss of ` 46.14 Cr in previous year. Capacity utilisation for the year 2012-13 is 54%.

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 recent Meeting, BRPSE reviewed the progress of Revival Plan Implementation and recognized the need for interim measures to propel the growth of HMT Machine Tools Limited which will augur the momentum. Accordingly proposal from HMT Machine Tools Limited has been forwarded to the Ministry for consideration.

• **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. Despite these constraints, this Subsidiary could achieve a Sales level of ` 11.06 Crore and Production of ` 14.03 Crore during the year under review. The Net Loss for the year stood at ` 242.47 Crore as compared to ` 224.04 Crore incurred during the previous year.

The Subsidiary was able to reduce its manpower by introduction of VRS, funded by Government of India (GoI) Loans. A total of 59 employees have been retired by the Subsidiary under VRS during the year 2012-13 thereby reducing its manpower strength to 1105 as on 31.3.2013.

The Revival Plan in respect of this Subsidiary has been submitted to the Government based on the business plans prepared by a reputed Consultancy Firm and is under consideration of the Government.

• **HMT Chinar Watches Limited**

The performance of this Subsidiary could not be sustained at optimum levels due to the disturbed situation prevailing in the J&K Valley apart from working capital constraints for production. Majority of the employees have been separated on VRS leaving about 54 employees at Srinagar and Jammu Units of the Subsidiary. Under these circumstances, the Subsidiary's Sales was limited to ` 0.36 Crore during the year compared to ` 0.08 Crore in the previous year, with NIL Production for the year. In view of the virtual non operating levels, the Subsidiary incurred a Net loss of ` 51.16 Cr against ` 44.04 Crore compared to previous year.

• **HMT (International) Limited**

This Mini Ratna Subsidiary achieved a turnover of ` 34.09 Crore as against ` 32.40 Crore recorded in the previous year, i.e. 2011-12, registering a growth of 5%. The Order procurement during the year is ` 24.10 Crore as against ` 37.98 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary could report Profit before Tax (PBT) of ` 6.85 Crore achieved against ` 1.74 Crore reported in previous year. PBT includes earlier bad debts written off realised now amounting to ` 4.13 Cr. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 20% for the year 2012-13 on its Paid-up equity share capital.

• **HMT Bearings Limited**

During the year under review, the Subsidiary was able to achieve a Sales of ` 12.54 Crore, against the Previous Year's Sales of ` 16.12 Crore. In terms of Production the Company was able to achieve ` 11.73 Crore compared to the Previous Year's Production level of ` 14.64 Crore. Profit before Tax is ` (-)2.07 Cr. with exceptional Item of interest waiver of ` 6.38 Cr. against ` (-)10.12 Cr. reported during 2011-12.

The Revival Plans of this Subsidiary submitted to DHI/BRPSE has been approved by BRPSE during its meeting held in May 2013 and forwarded its recommendations to Government

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 2012-13, this Company showed a Profit after tax of ` 1.06 Lakhs on account of the interest income of ` 3.71 Lakhs, on the fixed deposits kept with the Banks. The Company is in the process of re-starting the operations of this Company.

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 2012-13, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

In terms of the General Circular No. 2/2011 dated 8th February, 2011, issued by the Central Government in terms of Section 212(8) of the Companies Act, 1956, the Directors have consented not to attach copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the five (5) Subsidiary Companies viz., HMT Machine Tools Limited; HMT Watches Limited; HMT Chinar Watches Limited; HMT Bearings Limited and HMT (International) Limited to the Balance Sheet of the Company (Holding Company). However, these documents will be made available upon request by any member of the Company and Subsidiary Companies interested in obtaining the same. Further, in compliance with the conditions of the above referred Government circular, the financial information of each 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 by any member at the Registered Office of the Company. A statement pursuant to Section 212(1) of the Companies Act, 1956, in respect of each of the Subsidiary Companies is attached to this report.

HUMAN CAPITAL

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2012-13.

The employee strength of the Company as on March 31, 2013, stood at 1442 Nos. as compared to 1699 at the end of the previous year. There are 295 employees in the Officer Cadre and 1147 Non-Executive in Workmen cadre. The number of employees on the rolls of the Company as on March 31, 2013 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	320
Scheduled Tribes	47
Other Backward Classes	105
Ex-Servicemen	4
Persons with Disabilities	15
Women employees	44
Minorities	217

INDUSTRIAL RELEATIONS

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, 2012. Various Hindi competitions 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 Languages Implementation Committee. The Company also sponsors some of the Hindi competitions under Bangalore Town Official Language Implementation Committee

VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Department of the Company. The Chief Vigilance Officer is assisted at Unit level by exclusively appointed Vigilance Officers. The Corporate Vigilance Department carries out vigilance functions in the Company as well as in the Subsidiaries. The vigilance functions in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

The Vigilance Department carried out regular and surprise inspections of a large number of high value contracts / purchases, services contracts etc and verified Annual Property returns submitted by the officers of the Company. Violations of rules and procedures were pointed out and comments of the concerned officers on the same were obtained. Wherever required, appropriate action against the concerned officers was recommended. The Vigilance Officers were given special task such as verification of man power contracts. This was done across all Units of the Company & Subsidiary Companies.

In line with CVC's direction, emphasis was laid on preventative 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 Gol).
2. Publishing details regarding all purchase orders / contracts concluded during the month, above the threshold value (presently ` 5.00 lakhs).
3. Application form for vendor registration along with list of items required by different Units of the Company 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. Efforts are being made for periodical uploading of status of every vendor application on website.
4. Units are directed to upload status of vendor applications on the website and update the same once in quarter. Presently 3 Units have implemented this.
5. Payments by electronic mode to suppliers are being done completely by one Manufacturing Unit and partially by all Units. Efforts are being put for complete compliance by all Units

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 2012 was observed in all Units and Offices of the Company and Subsidiaries as per the guidelines of CVC.

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, 2013, 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

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Sub-Section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors hereby state and confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s S.R.R.K.Sharma , Bangalore, were appointed as Statutory Auditors of the Company for the year 2012-13 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. M/s.Khurana & Co Cost Accountants were re-appointed as

Cost Auditors for the year 2012-13 in respect of "Tractors" and S.B.Khadke & Co., Cost Accountants were re-appointed as Cost Auditors for "Food processing Unit", Aurangabad for the year 2012-13.

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

DIRECTORS

Vide Presidential Order No.5(8)/2010-P.E.X dated 2nd May 2013 issued by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Ms. Kusumjit Sidhu, has been appointed as the Part time Official Director of the Company with immediate effect, until further orders vice Shri Vijay Shankar Madan. The Board of Directors has approved her appointment as Director with effect from 2nd May 2013 in terms of Article 67(4) of the Articles of Association read with Section 262 of the Companies Act, 1956. Ms.Kusumjit Sidhu, is proposed for appointment as a Director in terms of Article 67(4) of the Article of Association of the Company read with Sections 255,257 and 262 of the Companies Act, 1956, for which a notice has been received from a Member.

Shri Antony Chacko who was appointed as Director of the Company, retires by rotation at ensuing Annual General Meeting and is eligible for re-appointment. The Govt has given additional charge of the Post of Chairman & Managing Director of the Company to Shri Harbhajan Singh, Director and Joint Secretary with effect from 15.06.2013.

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



Harbhajan Singh

Chairman & Managing Director

Place: Bangalore

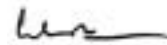
Date: 23-10-2013

ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2012-13 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2013.

Ref	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1.	<p>The Company has made long term investments aggregating to ` 1.66 Crores in subsidiary company, namely, HMT Chinar Watches Limited, whose net worth has eroded and this company is suffering continuous losses. Market value of the assets of this company, results and expected cash flows from these investments is not ascertained. In view of the above deficiencies, in our opinion, there is a total decline in the value of this investment, which is other than temporary. No provision for above diminution is made. This is in contravention of the requirement of AS-13 prescribed under Companies (Accounting Standards) Rules, 2006, resulting in the understatement of loss for the year & cumulative loss and overstatement of investments to that extent.</p>	<p>Since Government of India is considering various issues concerning the future of the Subsidiary viz., HMT Chinar Watches Ltd., the carrying cost of the long-term investment in HMT Chinar Watches Limited does not call for making any provision for diminution in their value at this juncture.</p>
2	<p>The company has also given loans and advances to the subsidiary stated in clause above and the aggregate dues from them as at 31st March 2013 amount to ` 79.37 Crores. In view of our observations made above, these dues should have been considered as doubtful of recovery requiring provision for the same. Consequently loss for the year & cumulative loss is understated and loans and advances are overstated to that extent.</p>	<p>The dues from Subsidiary (HMT Chinar Watches Ltd) are fully realizable. The total dues from the Subsidiary stood at ` 79.37 crores as on 31.03.2013.</p>
3	<p>Certain balances under Trade payables, other current liabilities, Trade receivables, loans and advances are subject to confirmation and reconciliation. These balances include certain old balances requiring review and reconciliation.</p>	<p>The confirmation & reconciliation of balances from Trade Receivables, Other Current Liabilities, Loans & Advances and Trade Payables are obtained in all major cases. Disclosure has been made to this effect in the Notes to Accounts.</p>

Ref	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
4	<p>Consequential impact of the same on the loss for the year / accumulated loss is not ascertainable.</p> <p>During the years 2002-03 and 2003-04, the company had sold certain lands vested with HMT Machine Tools Limited, a subsidiary company for a consideration of ` 36.57 Crores and the profit on sale of such land amounting to ` 36.55 Crores were accounted by the company. The company had an understanding with the subsidiary to adjust the consideration by transferring land of equivalent value. However the company is yet to identify equivalent land for the said value for transfer to HMT Machine Tools Limited. This fact has not been disclosed in the financial statements.</p>	<p>Based on MoU entered into between HMT Limited (Holding Company) & HMT Machine Tools Ltd (Subsidiary Company), HMT Limited had sold certain lands during 2002-03 & 2003-04, vested with HMT Machine Tools Ltd, and the profit on sale of such land were accounted by the Company. As per the MoU, the Company has to identify & transfer equivalent land for the said value. A Committee constituted for this purpose has already identified the lands for transfer to HMT Machine Tools Limited. The identified lands will be transferred to HMT Machine Tools Ltd., after approval by the Board of Directors of the Subsidiary.</p>

For and on behalf of the Board of Directors



Harbhajan Singh

Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

A) Industry Structure and Development :

General Economic Environment:

Overall growth in the Index of Industrial Production (IIP) was 2.3 per cent during April 2013 as compared to (-) 1.3 per cent in April 2012. During April- March 2012-13, IIP growth was 1.1 per cent as compared to 2.9 per cent in April- March 2011-12.

During April 2013, the growth in IIP was 2.3 per cent as compared to (-) 1.3 per cent during the corresponding period of previous year. In manufacturing and electricity sectors, the growth rates were 2.8 per cent and 4.2 per cent respectively in April 2013, while in the mining sector growth rate was negative. Under use-based category, the growth rate in consumer goods was 2.8 per cent (consumer durables (-) 8.3 per cent and consumer non-durables 12.3 per cent), 2.4 per cent in intermediate goods, and 2.1 per cent and 1.0 per cent in basic and capital goods respectively, during April 2013.

Tractor industry has got a cyclic nature – We have witnessed continuous growth in the past three year's i.e 2009-10, 2010-11 and 2011-12. Now it is marginally on negative side i.e. -1.7% in the year 2012-13. M&M maintained their market leadership with 38 % market share followed by TAFE (24%) and Escorts (11%). Sonalika was the leading Tractor manufacturer in terms of growth i.e. 15%. Govt support for rural development and Farm mechanization continued in 2012-13.

The target for agriculture growth is 4% in the overall 7.9% economy growth in the 12th five year plan. The required growth is 5% to meet the National Security Food bill (NSFB) implementation. The shortage of labour will force more and more mechanization and will lead to sustained demand for tractor industry. The likely increased in MSP will also increase purchasing power of farmers.

Major market share is captured by large manufacturers. HMT's market share has reduced significantly

Slow down in economy due to international economical conditions and impact of inflation. GDP growth in India expected to be 6% during 2013-14. Tractor Industry is

expected to witness reasonable growth with its extremely demanding business environment.

Tractors in higher HP segment will record good growth due to Infrastructure projects.

B) Opportunities:

- Good demand of Tractors in Indian market and abroad.
- Demand of 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.

Various concerns expressed over years for the business growth are now being converted to opportunities due to approval of revival plan.

C) FINANCIAL PERFORMANCE

The turnover for the year 2012-13 stood at ` 100.95 Cr. and the Company incurred a Net loss of ` 145.38 Cr.

The total borrowing position of the Company as on 31.3.2013 stood at ` 559.31Cr. which includes ` 443.74 Cr. of Government of India Loan.

D) 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 authorised, 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 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 about transparency within 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 is awaiting 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. Meetings of the Audit Committee could not be held during the year pending reconstitution.

E) HUMAN RESOURCES

As on 31.03.2013, the Company & its Subsidiaries (including PTL which stands merged with HMT Machine Tools Ltd) had a total workforce of 5675 employees.

The Company has taken suitable measures to reduce the Manpower Costs by implementing several austerity measures. The Company has taken suitable measures to

bring down the personnel costs by implementing several austerity measures. Rationalization of surplus manpower and implementation of Voluntary Retirement Scheme (VRS) are put into operation in HMT Watches Ltd and HMT Chinar Watches Ltd and the same is being extended from time to time to encourage employees to opt for the same.

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.	Company	No. of employees opted VRS				
		2009-10	2010-11	2011-13	2012-13	Total
1.	HMT Ltd	-	-	-	-	-
2.	HMT Machine Tools Ltd	-	-	-	-	-
3.	HMT Watches Ltd	-	462	124	51	637
4.	HMT Chinar Watches Ltd	80	19	-	57	156
5.	HMT Bearings Ltd	-	104	-	-	104
	Total	80	585	124	108	897

Surplus manpower in certain areas has been deployed under re-deployment scheme by providing training and re-training to the employees and posting them in thrust areas to meet the goals of the organization. Currently various measures are being taken to address the twin issues of attracting and retaining talent in the context of the dynamic market scenario where the financial expectations of job holders have undergone a radical change in the recent years. The Company is trying its best to retain the skilled and professionally qualified personnel to arrest further attrition.

Company	SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.3.2013							
	IP as on 31-03-13	Engg. Graduates	Diploma Holders	Professionals HR	Professionals Finance	ITI/ NAC	General Graduates	Others
HMT Limited	1442	51	129	6	7	857	127	265
HMT MTL	2950	287	522	13	10	1222	245	651
HMT WL	1105	25	103	3	0	82	40	852
HMT CWL	54	-	1	-	-	5	9	39
HMT BLH	65	7	12	1	0	25	4	16
HMT (I) L	59	17	3	1	1	0	35	2
Total	5675	387	770	24	18	2191	460	1825

F) INDUSTRIAL RELATIONS

Industrial Relations situation in the Company during the year, despite the strains of the prevailing conditions of non-revision of salaries and other benefits to the employees, remained cordial.

I 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, 1956 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.

II BOARD OF DIRECTORS

As on March 31, 2013 the Board of Directors comprised of Chairman & Managing Director, two part-time Official Directors and Director (Operations). Currently the position of 3 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 2012-13, five (6) Board Meetings were held on May 14, July 30, August 17, November 15, December 27 in the calendar year 2012 and on February 15 in the calendar year 2013.

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	Annual General Meetings	Directorship Chairmanship	Committee	
					Membership	Chairmanship
S.G. Sridhar	C & MD	6	Yes	7	-	-
Harbhajan Singh	NENI	4	-	7	-	-
Vijay Shankar Madan	NENI	3	-	2	-	-
Kusumjit Sidhu	NENI	-	-	3	-	-
Antony Chacko	ENI	3	Yes	1	-	-

C: Chairman & Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent, NA: Not Applicable

III COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The Audit Committee of the Board had been re-constituted from time to time with the induction of Independent Directors appointed on the Board by the Government. The Audit Committee was last reconstituted on January 24, 2009 with Shri S.K. Tuteja, Part-time Non Official (Independent) Director as Chairman, Shri S. Behuria, Part-time Official Director, Shri K. Kipgen, Part-time Non Official (Independent)

Director and Shri S.G. Sridhar, Director (Operations) as Members and Director (Finance) as permanent invitee and Company Secretary as convener. Further, in view of cessation of Shri S.K.Tuteja as Part-time Non Official (Independent) Director w.e.f.11.2.2010 the committee does not reflect the full compliment of members as envisaged in the Listing Agreement (Clause 49).

However, 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). Further action for reconstitution 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: (` in lakhs)

Name of Director	Salary (`)	Other Benefits (`)	Total (`)
S.G. Sridhar, CMD	8.40	1.50	9.90
Antony Chacko, DOP	8.73	1.03	9.76

No sitting fee is payable to any of the directors except Part-time Non-Official (Independent) Directors. An amount of ` 2000/- per meeting for the Board and ` 1000/- for each Committee Meetings) is being paid as sitting fee to the Part time Non-Official (Independent) Director during the year 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 and certificates after split/consolidation/renewal apart from confirmation of dematerialization of shares on transfer to a depository four meetings were held during the year 2012-13.

Name of the Compliance Officer:

Shri U. Jagadish Nayak,
General Manager & Company Secretary

D. THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

During the year ended March 31, 2013 there was only one complaint received from Shareholder which has been resolved during the year itself.

Number of pending Share Transfers - **NIL**

IV GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial year	Date	Time	Venue
2009-2010	29.09.2010	10.30 a.m	Registered Office at No. 59, Bellary Road, Bangalore-560 032.
2010-2011	30.09.2011	10.30 a.m	
2011-2012	28.09.2012	10.30 a.m	

A Special Resolution for increase in the Authorised Share Capital of the Company was passed. No special resolution was required to be put through postal ballot during the above meeting.

V 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 non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to capital markets during the last three years.
- There is no formal Whistle Blower Policy in the Company.
- Reconciliation of Share Capital Audit

A qualified practicing Company Secretary 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 viz., Financial Express and Vijaya Karnataka on May 15, 2012, August 18, 2012, November 16, 2012, and February 16, 2013. 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. in the Electronic Data Information Filing and Retrieval (EDIFAR) system, on the website of SEBI.

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 2012-13 has been obtained and was placed before the Board.

VIII GENERAL SHAREHOLDERS INFORMATION (Tentative)

- | | | |
|------|---|---|
| i) | Annual General Meeting | December, 2013
10.30 A.M at
No.59, Bellary Road
Bangalore - 560 032 |
| ii) | Financial Calendar | |
| | Year ending | March 31 |
| | AGM in | December |
| iii) | Book Closure | December, 2013 to
December, 2013
(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	HMT 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. 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. However, Company declares that no personnel have been denied the access to Audit Committee.

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
April 2012	47.95	39.05	48.05	38.55
May	43.35	34.30	43.25	34.10
June	45.90	33.90	45.50	34.00
July	48.90	39.00	48.90	39.10
August	45.60	38.15	45.50	38.00
September	47.25	38.40	47.80	38.50
October	50.15	41.70	50.15	41.80
November	44.90	40.50	44.85	40.60
December	43.60	40.00	43.55	40.15
January 2013	44.20	38.05	43.25	38.00
February	40.80	35.30	40.90	35.30
March	36.90	24.50	36.80	24.25

ix) **Distribution of Shareholding:**

The shareholding distribution of Equity shares as of 31.03.2013 is given below:

Shareholding of nominal value of `	Share Holders		Share Amount Nominal Value (in `)	% to Total
	Number of Share Holders	% to Total No. of Share Holders		
Upto - 5,000	21852	89.63	30093020.00	0.40
5,001 - 10,000	1458	5.98	12094200.00	0.16
10,001 - 20,000	590	2.42	9125430.00	0.12
20,001 - 30,000	180	0.74	4621580.00	0.06
30,001 - 40,000	72	0.30	2600910.00	0.04
40,001 - 50,000	65	0.27	3083440.00	0.04
50,001 - 1,00,000	97	0.40	6761750.00	0.09
1,00,001 & Above	65	0.27	7535121070.00	99.10
TOTAL	24379	100.00	7603501400.00	100.00

x) Shareholding Pattern: as on 31/03/2013

Shareholders	No. of Shares	%
Indian Promoters		
(President of India and his nominees)	75,18,53,740	98.88
Foreign Institutional Investors	5265	00.00
Financial Institutions/Banks	283096	0.04
Mutual Funds	19000	0.00
Bodies Corporate	1473045	0.19
Non Resident Indians	88900	0.01
Resident individuals	6591422	0.87
Clearing Members	35672	0.00
Total	76,03,50,140	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 2013, 99.98 % of the Company's Shares representing 76,02,15,719 equity shares were held in dematerialised form and the balance 0.02 % representing 1,34,421 shares were in the physical form.

xiii) Address for correspondence:

The Company's 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 Andhra Pradesh and Aurangabad in Maharashtra, the addresses of which are given below:

Pinjore - 134101

Dist. Panchkula, Haryana

Narsapur Road,

HMT Township P.O., Hyderabad - 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:

- Energy efficient lighting system installed by replacing existing tube fittings in Tractors division. It will result in annual saving of 2,04,000 KWH of electricity i.e. approximately ₹ 11.85 lakhs for the year 2012-13
- By installing translucent sheets in Main Stores approximately 200 nos. Tube lights kept switched off during 'D' shift resulting in annual saving of approx. 26880 KWH i.e. ₹ 1.56 lakhs.
- Portable Compressors are being run when less air is required.
- Tube light fittings, Fans and compressors are being switched off during lunch break and whenever not required.
- Peak load hours avoided for foundry working

2. Technology absorption:

Technology enhancement /absorption in Tractor division is as under :

- Development of Engines of less than 50HP: 27HP-2 Cylinders, 37HP-3 Cylinders, 40HP-3 Cylinders and 45HP-3 Cylinders , high torque- back-up (30%), increased power ,fuel efficient and Bharat (TREM) Stage III-A Emission Norms compliant have been completed and commercialization is in process.
- Commercial introduction of Exhaust Gas Recirculation to achieve new emission norms for below 50HP Tractors by in-house R&D efforts.
- Development and certification for eligibility of Government Subsidy for HMT RT-50 Rotavator.
- Development and Certification of 25 KVA silent DG Set.
- Commercial introduction of Oil Immersed Disc Brakes in HMT 5022 Rx Tractors.

- Commercially introduced MITA Make Hydraulic Lift for Portal Design tractor models.
- Development of Suction line Filter of 30 µ for below 50HP Tractors in FX models.

R&D Expenditure during 2012-13 stands at ₹ 190.80 lakhs.

3. Segment wise / Product wise performance:

HP Segment	2012-13	2011-12
21-30	240	335
31-40	1309	2256
41-50	265	436
Above 50	191	612

4. Performance Highlights for the year 2012-13

Operations:

- Introduction of MITA Hydraulic Lift on portal design tractor model, 44 Nos Tractors already produced and sent to various customers to have proper feed back.
- Online production of Hand Gears for 3522 FX Tractors to meet requirement of dealers
- Introduction of liquid gasket cement on critical joints of 50 HP Tractor in order to contain leakage problem.

Technology Up gradation:

- Development of 27 HP-2 cylinder, 37HP, 40HP, 45HP 3-cylinder engines for performance improvement and current emission norms compliance from ARAI, Pune.
- Development and certification for eligibility of Govt. subsidy for HMT RT 50 Rotavator.
- Development and certification of 25KVA silent DG Set.
- Development of suction line filter of 30 microns for addressing complaint of premature failure of lift pump and lifts in less than 50 hp tractors.

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.

Description	2012-13	2011-12
Capital	Nil	120
Recurring	157	188
Total	157	308
Total R&D Expenditure as % of Turnover 1.56%		

5. PLAN FOR 2013-14:

- Up-gradation of transmission technology for 65 and 75 Hp tractors
- Development of above 50 HP phase – II ,high torque, increased power fuel efficient Engines
- Development and launching of HMT 6522 tractor with modifications - Single piece New Bonnet, Front mounted hydraulic lift pump, MITA make hydraulic lift, Suction line filter and modified 60 hp engine
- New Hydraulic Lift on 4022 and 6522 tractors
- Developing HMT Silent Diesel Generating Set rating 35 KVA
- Launching of Rotavator for sale.
- Launching of 25 KVA Silent DG Set
- Development of 50 and 65 HP Tractors with new styling.
- Expansion of Dealers network
- Financial tie up with commercial banks for retail finance of Tractors.

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of HMT Limited,

We have examined the compliance of conditions of Corporate Governance by HMT Limited ("the Company"), for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

The full complement of Independent Directors as required under clause 49 of the Listing Agreement have not been fulfilled and the Audit Committee was not re-constituted as per the requirement of the listing agreement.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

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

For M/s S R R K Sharma Associates
CHARTERED ACCOUNTANTS
(ICAI Regn.No.003790S)

Place: Bangalore
Date : 08.08.2013

CA S R R K Sharma
Partner (M.No. 018088)

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, 2013.



Harbhajan Singh
Chairman & Managing Director

Place: Bangalore
Date: 06.08.2013

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HMT Limited,
Bangalore

Report on Financial Statements

We have audited the accompanying financial statements of **HMT Limited** which comprise the Balance Sheet as at **31st March 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended on that date, annexed thereto in which are incorporated the accounts of Corporate Head Office audited by us and the accounts of Tractor Division, Food Processing Machinery Division and Common Services Division audited by Branch Auditors, appointed under section 619(2) of the Companies Act, 1956, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956. This responsibility includes a design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis of qualified audit Opinion

- 1. The Company has made long term investments aggregating to ` 1.66 Crores in subsidiary company, namely, HMT Chinar Watches Limited whose net-worth has eroded and this company is suffering continuous losses. Market value of the assets of this company, results and expected cash flows from these investments is not ascertained. In view of the above deficiencies, in our opinion, there is a total decline in the value of this investment, which is other than temporary. No provision for above diminution is made. This is in contravention of the requirement of AS 13 prescribed under Companies (Accounting Standards) Rules, 2006, resulting in the understatement of loss for the year & cumulative loss and overstatement of investments to that extent.**
- 2. The Company has also given loans and advances to the subsidiary stated in clause above and the aggregate dues from them as at 31st March, 2013 amounting to ` 79.37 Crores. In view of our observations made above, these**

dues should have been considered as doubtful of recovery requiring provision for the same. Consequently loss for the year & cumulative loss is understated and loans and advances are overstated to that extent.

3. **Certain balances under Trade payables, other current liabilities, Trade receivables, loans and advances are subject to confirmation and reconciliation. These balances include certain old balances requiring review and reconciliation. Consequential impact of the same on the loss for the year/ accumulated loss is not ascertainable.**
4. **During the years 2002-03 and 2003-04, the company had sold certain lands vested with HMT Machine Tools Limited, a subsidiary company for a consideration of ` 36.57 Crores and the profit on sale of such land amounting to ` 36.55 Crores were accounted by the company. The company had an understanding with the subsidiary to adjust the consideration by transferring land of equivalent value. However the company is yet to identify equivalent land for the said value for transfer to HMT Machine Tools Limited. This fact has not been disclosed in the financial statements.**

Qualified Opinion :

We further report that, observations made in paragraphs 1 to 4 above been considered, loss for the year would have been ` 226.41 Crores (as against reported figure of ` 145.38 Crores); the adverse balance in statement of Profit & loss (Cumulative) would have been ` 893.95 Crores (as against reported figure of ` 812.92 Crores), Investments would have been ` 763.90 Crores (as against reported figure of ` 765.56 Crores), Loans and Advances would have been ` 521.73 Crores (as against reported figure of ` 601.10 Crores).

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the **loss** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

1. The company has not re-constituted the Audit Committee as required under Section 292 A of The Companies Act, 1956, since appointment of Independent Directors by the Government of India is pending, as explained to us.
2. The Authorised Share Capital was enhanced from ` 1000 Crores to ` 1450 Crores vide resolution passed at 55th Annual General Meeting of the members of the company held on September 27, 2008, but the company has not notified the Registrar of Companies filing Form-5 prescribed under the Companies General Rules and Forms.
3. Being a Government Company provision of clause (g) of sub section (1) of Sec 274 of the Companies Act, 1956, is not applicable as per notification No.GSR 829(e) Dated October 21, 2003, issued by the Department of Company Affairs, Government of India.
4. The audit reports on the accounts of the units of the Company audited by the branch auditors appointed under section 619(2) of the Companies Act, 1956 have been considered by us in preparing our report and necessary adjustments in the accounts of the units have been made to the extent required on the basis of the information made available to us.

5. The following are the observations made by the Branch Auditors of HMT Tractor Division, Pinjore, in their Audit Report:

- (a) During the F.Y. 2012-13 there is sale reversal of 1539 tractors amounting to ` 6562.69 lacs on the last day of financial year 2012-13 i.e., 31st March, 2013 at the Unit. These sales reversals pertain to invoices raised during the whole of the year 2012-13. No satisfactory reply has been given by the management for this reversal.
- (b) There are some discrepancies in recording the production as well as sales during the year 2012-13. More production of Tractors were recorded in the production records maintained at the Unit as well as in the Excise records and likewise more sales to sundry parties were recorded by raising fictitious sales invoices in the books of accounts of the Unit.

It came to notice at the Ministry of Heavy Industries, New Delhi and action was taken on 14th June, 2013 by suspending four officers at the higher level including Chairman cum Managing Director of the Company. The Special Audit was assigned / entrusted to M/s. A.K.G. & Associates, Chartered Accountants, New Delhi on 4th July, 2013 to find out the actual production and actual sales for the financial year 2011-12 and 2012-13 and they have submitted the report on 27th July, 2013. The Management has not complied with all the discrepancies as mentioned in the report of special auditor which has an effect on financial accounts of the Company wherever required. There were 331 tractors whose invoicing were done in the financial year 2011-12 but dispatches made after 31st March 2012. However, the same has been reversed during the financial year 2012-13 on the face of statement of profit and loss account for the

year ended 31st March, 2013 by showing below the line item by Debiting Prior Period Adjustment account with ` 1246.09 lacs and crediting again the same head "Prior Period Adjustment A/c" with ` 1246.09 lacs to have the nil effect.

Since this pertains to Sale for Financial Year 2012-13, the amount should have been debited to "Prior Period Adjustment A/c" with ` 1246.09 lacs and Sales Tractor Account should have been credited with ` 1246.09 lacs. However, no entry has been passed in the Sales account during the year 2012-13. Thus Sales for the financial year 2012-13 has been understated to the extent of ` 1246.09 lacs.

Further, there 37 tractors whose invoicing has been done in the financial year 2012-13 but dispatches made after 31st March, 2013 has not been reversed as on 31st March, 2013, thus resulting in inflated Sales to the extent of ` 147 lacs (value of 37 Nos. tractors).

The same has not been explained satisfactorily by the Management, with respect to the discrepancies in basic records i.e., Excise Register & Sales Tax Record of Production/Sales etc., during the financial year 2012-13.

- (c) The complete reconciliation of Finished Stock i.e., Tractors at the manufacturing Unit, Pinjore and at Depots/Stock Yards showing the Opening Stock, Production during the year, Transfer to Depots, Actual Sale and Closing Stock has not been made. Further, these have neither been reconciled with financial books nor with Excise records, cost records and sales tax returns etc.
- (d) There has been no system of reconciliation of Quantitative records with financial records and cost records as well.

(e) Trading Results showing Gross Profit/Loss Ratio i.e., direct Cost only

The comparative chart showing Trading Results of financial year 2012-13 shows an abnormal picture if compared with early two year are summarized as under:

Financial Year	Gross Loss Ratio
2012-2013	73.64%
2011-2012	15.78%
2010-2011	11.49%

It shows that either purchases have been inflated or more consumption of raw material, consumable stores and spares etc., has been booked. There is hardly any justification of depicting Gross Loss at a higher percentage during the Financial Year 2012-13. No satisfactory explanation has been given for major variation on these ratios.

(f) On test check basis, it is verified the few items of Store/Purchases (being used in mfg of Tractors) during the financial year 2012-13, detail given as under:

Sr. No.	Particulars	Opening Stock	Purchases	Issued / Consumption	Closing Stock
1	Tyres:	In No.	In No.	In No.	In No.
	Front	542	3074	3616(For 1808 Tractors)	Nil
	Rear	268	3391	3659(For 1829 Tractors)	Nil
2	Driver Seats		2068	2068	Nil
3	Batteries		2174	2174	Nil
4	RIMS:				
	Front		4643	4543(For 2271 Tractors)	100
	Rear	30	4464	4490(For 2245 Tractors)	4

Manufacturing Goods: (As certified by the Management)

Tractors Produced during the financial year 2012-13: 1309 Numbers.

The above data clearly shows that there is mismatch in consumption of bought out items and tractor produced during the year for example total tractor produced during the year 2012-13 are 1309 numbers (As certified by management) and total number of Front Rims consumed are 4543 i.e., for 2271 tractors means difference of rim consumption for 962 tractors.

(g) Reversal of Material Consumption amounting to ` 1656 lacs

As on 31st March, 2013 the Unit has passed a journal entry for ` 1656 lacs as follows:

Debit relating to previous year A/c ` 1656 lacs

To Credit Consumption of Raw Material (Previous year) ` 1656 lacs.

The debit side i.e., Debit relating to previous year has been shown below the line on the face of statement of Profit and Loss under Head "Prior Period Adjustment"

Whereas credit side i.e., Consumption of raw material relating to Previous year has been shown as deduction from Current year i.e., 2012-13 Consumption / Purchase for the year.

Thus in view of above entry loss for the current year before adjustment has been understated to the tune of ` 1656 lacs and further material consumption ratio has also been adjusted.

(h) Sales Tax Recoverable amounting to ` 40.45 lacs.

The Unit has shown a sum of ` 40.45 lacs as recoverable under short term Loans & Advances in the Balance Sheet as on 31st March, 2013 on the asset side in respect of sale tax on sale bills total valuing ` 6562.69 lacs raised during the whole of the financial year 2012-13 and later on reversed on 31st March, 2013 as already referred above at point No. 5 (a). The above balance of ` 40.45 lacs is subject to confirmation.

(i) During the year 2012-13 to reconcile the Balance of excise duty in financial accounts with the excise record, the Unit has passed the following entry for which no supporting / explanation has been made available. Details are as under:

Provision no longer required A/c Debit	` 354826
Rate, Fee & Taxes A/c Debit	` 1488983
To Deposit with Central Excise (PLA) (Credit)	` 1843809

In the consolidated accounts of HMT Limited approved by the Board and presented to us, the observations by the Branch Auditor of the Tractor Division, Pinjore, as per Point No.5 of Other Matters are not subsisting.

Our opinion is not qualified in respect of Other Matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 **(as amended by Companies (Auditor's Report) Amendment Order, 2004)**,

issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227 (3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account (and with the returns received from branches not visited by us);
- Except for the effects/possible effects of the matters specified in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

For M/s. S R R K SHARMA ASSOCIATES
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)

(CA. S R R K SHARMA)
Partner (M.No. 018088)

Place: Bangalore

Date: 8th August, 2013

ANNEXURE REFERRED TO IN PARA 'A' OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. by the management, which reported to be not material, same have been properly dealt with in the books of account of the company.
- (b) The fixed assets have been physically verified by the management during the year in accordance with its phased programme designed to cover the assets of all locations/units by physical verification once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The Company has not disposed off any substantial part of its fixed assets. Hence going concern status is not affected.
2. (a) The inventories other than those held by sub contractors, ancillary units and goods stored in Custom's warehouses have been physically verified during the year by the management. Confirmations in respect of stocks held sub-contractors, ancillary units and goods stored in custom's warehouses are not received in certain cases, where book values are adopted. Excepting above, in our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records for inventory and as informed to us, the discrepancies noticed on physical verification
3. The Company has neither granted nor taken any loans, Secured or Unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Act. Accordingly sub clauses (a) to (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory and Fixed Assets and with regards to Sale of Goods and Services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanations given to us, we state that we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 having regard to the view taken that the transactions with the government companies need not be entered in the register as no personal interest of the directors is involved.
- (b) In our opinion and according to the information and explanations given to us, as there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, paragraph 4 (v) (b) of the Order is not applicable.

- 6 The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company has an Internal Audit System, the scope and coverage of which is commensurate with its size and nature of its business, except at Tractor Division, Pinjore, where the internal audit system is inadequate and ineffective.
8. The Company has maintained cost records pursuant to the Rules made by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of its Tractor Division. The Branch Auditors have broadly reviewed such cost records and prima facie, they are of the opinion that the prescribed accounts and records have been made and maintained. However, the detailed examination of the same has not been done by the Branch Auditors.
9. a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess, Excise Duty, Service Tax and any other Statutory dues with the appropriate authorities.
- b) According to the information and explanation given to us no undisputed amounts payable in respect of statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales Tax, service tax, customs duty, wealth tax, excise duty, cess applicable were outstanding at the yearend for a period of more than six months from the date they became payable except, ₹ 35.35 lacs towards Sales Tax.
- c) According to the information & explanations given to us, and records of the company there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax and Cess which were disputed except the following:

Statute	Nature of dues	Total amount (in lacs)	Financial year which Amount relates	Nature of Dispute	Forum where dispute is pending
Sales Tax Act	Sales Tax	159.70	1989-90, 1999-2000 to 2001-2002 & 2003-2004 to 2004-05	Applicability of levy	Jt. Comm. (Appeal) Aurangabad
Sales Tax Act	Non-submission of Form C&D	112.17	1990-91 to 1996-97	Non submission of Form C	Various States before Dy. Commissioner (Appeals)
Central Excise Act 1944	Excise Duty	2.48	1990-91 to 1996-97	Applicability of levy	CESTAT, Bangalore
Haryana General Sales Tax Act	Sales Tax /VAT	274.71	2001-02 to 2005-06	- do -	Punjab & Haryana High Court
	TOTAL	549.06			

10. The company has accumulated losses more than 50% of its net worth as at the end of the financial year. The company has incurred cash losses in the current year and also in the immediately preceding financial year.

11. **In our opinion and according to the information and explanations given to us the Company has defaulted in repayment of dues to the Bond Holders as detailed below:**

₹ in crores

Particulars	Principal	Interest	Due since
10% Secured Bonds-A,B,C & E Series	29.30	31.99	June 2004 to August 2006
12% Secured Bonds-A,B & C Series	28.70	34.74	June 2004 to August 2006

12. The Company has not granted any advance or loan on the basis of security by way of pledge of shares, debentures and other securities.

19. **The Company has not created charge in respect of the following:**

13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the relative reporting requirements are not applicable.

a. **10% Non Convertible Bonds- ₹ 29.30 Crores**

b. **12% Non Convertible Bonds- ₹ 28.70 Crores**

14. The Company is not dealing or Trading in shares, Securities, Debentures or other investments. Therefore the relative reporting requirements are not applicable.

Even though the bonds were issued as secured bonds, trust deed in favour of bond holders has not been executed. Moreover the above Bonds are overdue for redemption since 1st June, 2004, being earliest date of redemption.

15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions. Hence, the relative reporting requirements are not applicable.

20. The Company has not raised money from the public issues during the year, hence the relative reporting requirements are not applicable.

16. According to the information and explanation given to us, the Company has not availed any term loans during the year.

21. In our opinion and according to the information and explanation given to us, during the period under audit, no cases of fraud on or by the Company were noticed or reported.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised any funds on short term basis during the year.

For M/s. S R R K SHARMA ASSOCIATES
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)

18. During the year, the Company has not made any preferential allotment of shares. Hence, the relative reporting requirements are not applicable.

(CA. S R R K SHARMA)
Partner (M.No. 018088)

Place: Bangalore
Date: 8th August, 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of HMT Limited, Bangalore for the year ended on 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 8th August 2013.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of HMT Limited, Bangalore for the year ended on 31 March 2013. 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 under Section 619(4) of the Companies Act, 1956.

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



(N. Karunakaran)

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

Place : Hyderabad

Date : 01 October 2013

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, 1956 and comply with the mandatory Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006, to the extent applicable.

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 method, at the rates prescribed in Schedule XIV to the Companies Act, 1956, 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 ` 5000/- per asset which is written off 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.

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 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 disbursement.

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 2013

(` in lakhs)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a) Share Capital	B1	76035.01	76035.01
b) Reserves and Surplus	B2	(81292.06)	(66754.40)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	B3	44300.00	44300.00
3 NON-CURRENT LIABILITIES			
a) Long-term Borrowings	B4	47462.35	40234.95
b) Long-term Provisions	B5	3405.52	4053.91
4 CURRENT LIABILITIES			
a) Short-term Borrowings	B6	5757.16	5320.72
b) Trade Payables	B7	3933.40	4855.22
c) Other Current Liabilities	B8	45619.50	39370.95
d) Short-term Provisions	B9	3098.85	3265.73
TOTAL		148319.73	150682.09
II ASSETS			
1 NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	B10	3136.15	3480.62
ii) Intangible Assets	B10	23.32	26.08
b) Non-current Investments	B11	76555.87	76555.87
c) Long Term Loans & Advances	B12	92.02	92.02
2 CURRENT ASSETS			
a) Inventories	B13	3298.92	5613.69
b) Trade Receivables	B14	3529.72	6453.89
c) Cash and Cash Equivalents	B15	452.82	361.87
d) Short-term Loans and Advances	B16	60109.94	57429.33
e) Other Current Assets	B17	1120.97	668.72
TOTAL		148319.73	150682.09
See accompanying notes to the financial statements.			
Additional Information to Balance Sheet	B18		
Accounting Policies form part of the Accounts			

For and behalf of the Board

 As per our Report attached
 For M/s. S R R K SHARMA ASSOCIATES
 CHARTERED ACCOUNTANTS
 (ICAI Regn. No. 003790S)

 Harbhajan Singh
 Chairman and
 Managing Director

 Antony Chacko
 Director (Operations)

 U.Jagadish Nayak
 General Manager &
 Company Secretary

 (CA. S R R K SHARMA)
 Partner (M.No. 018088)

 Place : New Delhi
 Date : 08-08-2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(` in lakhs)

Particulars	Note No.	Year ended 31-03-2013	Year ended 31-03-2012
REVENUE			
I Gross Revenue from Operations	P1	10095.10	16111.90
Less: Excise Duty		152.88	155.42
Net Revenue from Operations		9942.22	15956.48
II Other Income	P3	4756.07	4658.25
III Total Revenue (I + II)		14698.29	20614.73
IV EXPENSES			
Cost of Materials Consumed	P4	4898.49	11537.40
Purchase of Stock in Trade	P5	466.95	580.62
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	P6	2225.77	(2794.83)
Employee Benefits Expense	P7	7069.56	7498.71
Depreciation & Amortisation	P8	354.76	440.34
Other Expenses	P9	2281.79	2749.35
Finance Costs	P10	10403.07	8954.68
Less: Jobs done for Internal use	P2	(120.18)	(133.88)
Total Expenses		27580.21	28832.39
V Profit / (Loss) Before Exceptional, Extrordinary items, Adjustment for Prior Period Items and Tax (III - IV)		(12881.92)	(8217.66)
VI Exceptional Items		-	-
VII Prior Period Adjustments	P11	1655.74	2.16
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		(14537.66)	(8219.82)
IX Extra ordinary Items		-	-
X Profit / (Loss) Before Tax (VIII - IX)		(14537.66)	(8219.82)
XI Tax Expense		-	-
XII Profit / (Loss) for the Period (X - XI)		(14537.66)	(8219.82)
XIII Earnings Per Equity Share:			
Basic / Diluted Earnings per share of ` 10/- each (in Rupees)		(1.91)	(1.08)
No. of Equity Shares (Weighted Average Basis)		760350140	760350140
See accompanying notes to the financial statements. Additional Information to Statement of Profit and Loss Accounting Policies form part of the Accounts	P12		

For and behalf of the Board

 As per our Report attached
 For M/s. S R R K SHARMA ASSOCIATES
 CHARTERED ACCOUNTANTS
 (ICAI Regn. No. 003790S)

 Harbhajan Singh
 Chairman and
 Managing Director

 Antony Chacko
 Director (Operations)

 U.Jagadish Nayak
 General Manager &
 Company Secretary

 (CA. S R R K SHARMA)
 Partner (M.No. 018088)

 Place : New Delhi
 Date : 08-08-2013

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B1	SHARE CAPITAL		
	AUTHORISED		
	100,00,00,000 (<i>Previous year 100,00,00,000</i>) Equity Shares of ` 10/- each	100000.00	100000.00
	4,50,00,00,000 (<i>Previous year 4,50,00,00,000</i>) Preference Shares of ` 100/- each	45000.00	45000.00
		145000.00	145000.00
	ISSUED, SUBSCRIBED & PAID UP		
	76,03,50,140 (<i>Previous year 76,03,50,140</i>) Equity Shares of ` 10/- each { of the above 3,18,85,900 (<i>Previous year 3,18,85,900</i>) shares are allotted as fully paid up for consideration other than cash}	76035.01	76035.01
	75,18,53,740 i.e., 98.88% (<i>Previous year 75,18,53,740 i.e., 98.88%</i>) Equity Shares of ` 10/- each are held by President of India alongwith nominees	76035.01	76035.01
B2	RESERVES AND SURPLUS		
	Particulars	As at 01-04-2012	As at 31-03-2013
	General Reserve	13453.11	13453.11
	Balance in Statement of Profit & Loss	(80207.51)	(94745.17)
		(66754.40)	(81292.06)
B3	SHARE APPLICATION MONEY		
	Towards 3.5% Redeemable Preference Share Capital under Revival Plan of HMT Machine Tools Ltd, a Subsidiary Company, approved by Govt. of India.	44300.00	44300.00
B4	LONG TERM BORROWINGS		
	SECURED		
	3 YEAR HMT BONDS-2001		
	Non Convertible Bonds with interest @ 10% & 12% redeemable at par, the earliest date of redemption being 01-06-2004 secured by assets of the Company located at Pinjore and assets of HMT Machine Tools Ltd., a Subsidiary Company, located at Ajmer. Trust Deed in favour of the Bond Holders is pending execution.	5800.00	6050.00
	Amount of continuing default ` 5800.00 lakhs (<i>Previous year ` 6050.00 lakhs</i>)	5800.00	6050.00

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
	UNSECURED		
	Loans from Government of India with interest @ 14.5% to 15.5%, repayable in 1-5 equal annual installments from the date of drawal of loan	41662.35	34184.95
	Amount of continuing default ` 27046.75 lakhs (<i>Previous year</i> ` 17933.95 lakhs) and the earliest date of continuing default is 07-04-2005	41662.35	34184.95
		47462.35	40234.95
B5	LONG TERM PROVISIONS		
	Gratuity	2896.82	3516.44
	Earned Leave Encashment	345.97	363.85
	Settlement Allowance	162.73	173.62
		3405.52	4053.91
B6	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credit Loans secured by hypothecation of inventories and sundry debtors 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.	3327.16	2890.72
	Short Term Loan secured by hypothecation of inventories and sundry debtors 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.	2000.00	2000.00
		5327.16	4890.72
	UNSECURED		
	Loans from a Subsidiary - HMT International Ltd	430.00	430.00
		5757.16	5320.72
B7	TRADE PAYABLES		
	Acceptances	157.83	126.89
	Dues towards Goods purchased	3281.74	4069.58
	Dues to Micro & Small Enterprises	493.83	658.75
		3933.40	4855.22

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B8	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	2711.80	7577.20
	Interest accrued and due on borrowings		
	3 year HMT Bonds 2001	1713.65	1730.75
	Short Term loan from Bank	5.31	-
	Loans from Government of India	24698.27	16537.02
	Interest accrued but not due on borrowings		
	Government of India Loan	3996.97	3604.08
	Dues to Subsidiary companies		
	HMT Chinar Watches Ltd	-	10.86
	HMT Bearings Ltd	129.21	-
	Advance received against sales	523.86	345.74
	Sundry Creditors - other dues	2453.82	2031.36
	Other liabilities	9386.61	7533.94
		45619.50	39370.95
B9	SHORT TERM PROVISIONS		
	Gratuity	1038.93	1037.74
	Leave Encashment	201.26	245.70
	Settlement Allowance	61.44	65.74
	Contingencies	353.58	352.13
	Warranty	10.38	92.06
	Others	1433.26	1472.36
		3098.85	3265.73

NOTES FORMING PART OF BALANCE SHEET
B10 FIXED ASSETS

(in lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01-04-2012	Additions	Deductions/ Adjustments	Balance as at 31-03-2013	Depreciation during the year	Balance as at 31-03-2013	Balance as at 01-04-2012	Balance as at 01-04-2012
I Tangible Assets								
Land & Land Development	180.80			180.80	-	-	180.80	180.80
Land-Leasehold	17.09			17.09	0.13	9.20	7.89	8.02
Buildings	2132.60	0.82		2133.42	34.48	1253.13	880.29	913.95
Plant and Machinery	11003.69	6.40	42.77	10967.32	309.62	8935.11	2032.21	2335.43
Furniture, Fittings & Office Appliances	457.83	0.27	0.47	457.63	5.56	427.31	30.32	35.57
Transport Vehicles	158.30		5.06	153.24	2.21	148.60	4.64	6.85
II Intangible Assets								
Design & Prototype	27.58			27.58	2.76	4.26	23.32	26.08
Total	13977.89	7.49	48.30	13937.08	354.76	10777.61	3159.47	3506.70
Previous Year	13647.83	340.87	10.81	13977.89	440.34	10471.19	3506.70	3506.70

Note: 1) Quantum of loss due to Impairment of Assets as per AS-28 - Nil

2) Additions includes Nil (Previous year ` 31.85 lakhs) borrowing cost capitalised in respect of assets put to use during the year to confirm accounting policy of the company as against charge to revenue in the recent earlier years.

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. The unamortised value of this land amounting to ` 3.39 lakhs as on 31.3.2012 has been fully charged off during the year 2011-12, leaving a balance of ` 1/-. 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.

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B11	NON CURRENT INVESTMENTS		
	TRADE INVESTMENTS	-	-
	OTHER INVESTMENTS (UNQUOTED) - AT COST		
	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
	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
	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 (Wholly owned Subsidiary Company)	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 (Subsidiary Company).	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 (Wholly owned Subsidiary Company).	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
	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 dimunition in value of Investment		
	Nigeria Machine Tools Ltd., Nigeria	171.55	171.55
	Gujarat State Machine Tools Corporation Ltd, Bhavnagar	20.84	20.84
		192.39	192.39
		76555.87	76555.87

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B12	LONG TERM LOANS AND ADVANCES		
	Capital Advance	92.02	92.02
		92.02	92.02
B13	INVENTORIES*		
	Raw Materials and components	976.73	992.92
	Material and components in transit	25.01	83.70
	Work-in-progress	1133.34	917.93
	Finished goods	916.65	3354.30
	Stock in Trade	385.57	387.41
	Stores and spares	46.12	33.39
	Tools and instruments	308.84	340.31
	Scrap	21.76	23.45
		3814.02	6133.41
	Less: Provision for Non-moving Inventories	515.10	519.72
		3298.92	5613.69
	* Includes stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / at site	8.42	8.31
B14	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period less than six months from the date they are due for payment:		
	- Considered good	1781.95	4971.78
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	- Considered good	1747.77	1482.11
	- Considered doubtful	4134.39	4089.61
		7664.11	10543.50
	Less: Provision for doubtful debts	4134.39	4089.61
		3529.72	6453.89
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-
B15	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	4.98	5.10
	Balance with Banks in Current account	59.74	206.15
	Balance with Banks in Deposit account*	388.10	150.62
		452.82	361.87
	* Includes		
	Deposits held as margin money	-	35.00

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B16	SHORT TERM LOANS AND ADVANCES*		
	SECURED, CONSIDERED GOOD:		
	Advances	0.82	1.01
		0.82	1.01
	UNSECURED, CONSIDERED GOOD:		
	Loans to Subsidiary Companies		
	HMT Machine Tools Ltd	1082.14	1014.22
	HMT Watches Ltd	46906.84	44373.11
	HMT Chinar Watches Ltd	7937.00	7675.85
		55925.98	53063.18
	Advances to Subsidiary Companies		
	HMT Machine Tools Ltd	345.62	279.67
	HMT Watches Ltd	2296.49	2253.81
	HMT Chinar Watches Ltd	0.30	-
	HMT Bearings Ltd	-	151.28
	HMT (International) Ltd	16.87	14.54
		2659.28	2699.30
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	UNSECURED		
	Considered Good	1319.69	1374.84
	Considered Doubtful	112.53	172.36
		1432.22	1547.20
	Less: Provision for doubtful loans and advances	112.53	172.36
		1319.69	1374.84
	OTHER ADVANCES		
	UNSECURED CONSIDERED GOOD		
	Balance with Collectors of Customs, Central Excise, etc.,	10.55	7.96
	Deposits	186.73	275.99
	TDS Receivable	6.89	7.05
		204.17	291.00
		60109.94	57429.33
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-
B17	OTHER CURRENT ASSETS		
	Special Tools	96.24	87.33
	Interest on Trade Receivable	6129.12	5491.49
	Less: Provision for interest on Trade Receivable	5104.39	4910.10
		1024.73	581.39
		1120.97	668.72

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B18 ADDITIONAL INFORMATION TO BALANCE SHEET			
1	The Company is contingently liable for:		
1.1	Claims against the Company not acknowledged as debts		
	A. Tax related claims pending in appeal		
	i) Excise Duty	2.48	2.48
	ii) Sales Tax	271.87	271.87
	B. Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	14.72	14.72
	C. Others		
	Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	434.64	371.64
1.2	Guarantees/Counter Guarantees issued	-	1939.69
1.3	Additional Bonus, if any, for the year 1985-86	1.39	1.86
1.4	Liability towards interest, penalty/damages as per 7Q and 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	50.31
1.5	Non receipt of related Forms against levy of concessional Sales Tax The uncertainties relating to outflow and the possibility of any reimbursement of the above is not ascertainable	1021.93	739.02
2	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
3	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, 1956 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

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
4	Share Application Money 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. However shares have not been allotted in favour of President of India pending registration of increase in the Authorised Share Capital with ROC. As per the Revival Plan sanction, the Preference Share Capital had to be redeemed from out of sale of surplus immovable Properties of HMT-MTL. However, 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 will have to be approved by the Government as part of the Revival Plans of the Company (HMT Ltd) which is under consideration of the Government. Upon approval of the Government to the Revival Plan, the required funds will be raised through the sale of the immovable properties and the Preference Share Capital will be redeemed. Pending communication from GOI, the Company has continued to disclose the Preference Share Capital as was done in the previous year.		
5	Bonds Redemption Reserve as required u/s 117C of the Companies Act, 1956 is not made in respect of 3 year HMT Bonds-2001 issued by the Company in the absence of Profit.		
6	Deferred Tax Asset/Liability Accounting for Taxes as per Accounting Standard-22. As the Company is having Deferred Tax Asset for the year and there is no virtual certainty of realisation of the asset in the near future, the Deferred Tax Asset has not been recognised for the year.		
7	Inventories include Excise Duty paid / payable on Closing Stock of Finished Goods	10.76	17.74
8	Advances include		
8.1	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	16.37	21.88
8.2	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	913.65	924.43

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
9	Disclosure regarding dues to Micro & Small Enterprises based on the information available with the company		
	(a) Dues to Micro & Small Enterprises remaining unpaid as at the end of the year		
	(i) Principle	493.83	658.75
	(ii) Interest due thereon	304.63	221.21
	(b) Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year	-	-
	(c) Amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED Act, 2006	-	-
	(d) Amount of interest accrued and remaining unpaid as at the end of each accounting year		
	2012-13	83.42	
	2011-12	72.59	72.59
	2010-11	60.38	60.38
	2009-10	56.36	56.36
	2008-09	31.24	31.24
	2007-08	0.64	0.64
	(e) Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-
10	Other liabilities includes unspecified / excess credits in bank accounts	0.58	-
11	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.		
12	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P1	GROSS REVENUE FROM OPERATIONS*		
	Tractors	8128.67	14290.27
	Food Processing Machinery	838.93	465.08
	Accessories	167.02	216.43
	Sundry jobs and miscellaneous sales	952.12	1132.70
	Packing / Forwarding charges	8.36	7.42
		10095.10	16111.90
	* Nett of Trade Discount		
P2	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	120.18	133.88
		120.18	133.88
P3	OTHER INCOME		
	Servicing income	2.14	4.13
	Recoveries from Staff/Others	201.43	193.03
	Royalties from Subsidiaries	16.81	16.35
	from Others	-	2.68
	Rent received	322.00	327.69
	Profit on sale of assets	13.85	2.08
	Interest Income		
	On Bank Deposits	6.84	11.13
	Interest from subsidiaries on HC Loans	2960.80	2960.80
	Interest from Dealers/Others	480.57	466.03
	Dividend from Subsidiaries	14.40	14.40
	Provisions no longer required withdrawn	414.07	239.48
	Grant received from GOI	-	25.65
	Miscellaneous Income	323.16	394.80
		4756.07	4658.25
P4	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	992.92	1004.74
	Purchases	6131.22	10996.05
		7124.14	12000.79
	Less: Closing Stock	976.73	992.92
	Less: Prior period consumption	1655.92	-
		4491.49	11007.87
	Cost of Materials Consumed	4491.49	11007.87
	Consumption of Stores, Spares, Tools & Pkg. Matls.*	407.00	529.53
		4898.49	11537.40
	* Includes Stores and Spare parts for:		
	Repairs to Machinery	1.98	7.83

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P5	PURCHASES OF STOCK IN TRADE		
	Purchases of Tractor Spares	466.95	580.62
P6	CHANGES IN INVENTORIES OF WIP, FINISHED GOODS, SIT & SCRAP		
	WORK IN PROGRESS		
	Closing Balance	1133.34	917.93
	Opening Balance	917.93	1117.04
		<u>(215.41)</u>	<u>199.11</u>
	FINISHED GOODS		
	Closing Balance	916.65	3354.30
	Opening Balance	3354.30	398.73
		<u>2437.65</u>	<u>(2955.57)</u>
	STOCK IN TRADE		
	Closing Balance	385.57	387.41
	Opening Balance	387.41	327.94
		<u>1.84</u>	<u>(59.47)</u>
	SCRAP		
	Closing Balance	21.76	23.45
	Opening Balance	23.45	44.55
		<u>1.69</u>	<u>21.10</u>
		<u>2225.77</u>	<u>(2794.83)</u>
P7	EMPLOYEE BENEFIT EXPENSES *		
	Salaries,Wages and Bonus	5023.77	5121.67
	House Rent Allowance	145.63	168.97
	Gratuity	646.33	892.20
	Contribution to PF & FPS	518.69	544.47
	Deposit Linked Insurance	12.54	14.31
	Contribution to ESI	1.72	1.11
	Welfare Expenses	720.88	755.98
		<u>7069.56</u>	<u>7498.71</u>
	* Includes		
	- Wages for repairs to machinery	194.42	300.65
	- Payments relating to Directors (including Chairman & Managing Director)		
	Salaries	17.13	7.60
	Provident Fund	0.83	0.50
	Gratuity	1.53	0.88
	Medical	0.17	0.14

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P8	DEPRECIATION AND AMORTISATION		
	Depreciation	352.00	438.84
	Amortisation of Intangible Assets	2.76	1.50
		354.76	440.34
P9	OTHER EXPENSES		
	Power and Fuel	440.08	473.62
	Rent	29.96	40.29
	Rates and Taxes	75.55	54.62
	Excise Duty	2.32	11.14
	Insurance	23.61	19.94
	Water and Electricity	311.35	298.48
	Repairs to building	22.18	22.86
	Repairs to machinery	11.20	15.90
	Printing and Stationery	25.09	28.61
	Rebate on Sales	185.46	209.18
	Advertisement and Publicity	52.72	42.19
	Auditors Remuneration #	3.62	2.98
	Provision for Doubtful Debts, Loans and Advances	352.06	648.95
	Provision for Non Moving Inventories	33.98	82.33
	Warranty claims	20.00	66.29
	Loss sustained by PF Trust	1.00	3.05
	Amortisation of Special Tools	111.70	132.18
	Bad Debts / Advances written off	64.78	0.50
	Carriage outwards	258.84	349.55
	Travelling Expenses	141.38	153.95
	Miscellaneous Expenses	500.06	488.29
	Less: Recovery of Common Expenses from Subsidiary Companies	(385.15)	(395.55)
		2281.79	2749.35
	# As Auditor	1.72	1.72
	For taxation matters	0.28	0.25
	For other services	0.23	0.15
	Reimbursement of expenses	0.80	0.32
	Service tax	0.16	0.33
	Cost Audit Fee & expenses	0.43	0.21

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P10	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	8554.14	7124.63
	Cash Credit loans from Banks	459.65	474.41
	HMT Bonds	646.65	662.40
	Inter Corporate Loan	43.00	43.00
	Short Term Loan from Bank	284.26	266.32
	Others	349.54	287.43
	Other Borrowing Cost		
	Finance Charges	8.06	13.72
	Bank / Discounting Charges	57.77	82.77
		10403.07	8954.68
P11	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	1655.92	1.12
	Other Expenses	0.11	1.24
	Other Income	(0.29)	(0.20)
	Sales reversal	1246.09	
	Sales related expenditure	41.86	
		1,287.95	
	Sales	(1246.09)	
	Reversal of sales related expenditure	(41.86)	
		(1287.95)	
		1655.74	2.16
P12	ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS		
	1 Sales is net off sales returns		
	Sales returns in respect of Tractors - 183 Nos (Previous year 30 Nos) & Spares	771.66	120.22
	2 Employee benefit expenses include		
	- Provision for Earned Leave encashment made based on Acturial valuation of Earned Leave at credit as at the year end.	362.39	245.73
	- Provision for Settlement Allowance made based on Acturial Valuation	48.98	29.18
	3 Gratuity has been provided for / paid under a Group Gratuity Policy with Life Insurance Corporation of India. Additional provision made during the year for full coverage (based on salary at year end) in excess of ` 50,000/- per employee based on actuarial valuation by LIC.	646.33	892.19

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
4	Value of Special Tools individually costing less than ` 750 written off during the year.	64.27	83.75
5	Revenue expenditure on Research & Development charged to profit & loss account.	156.67	187.83
6	Consumption of Raw materials and components		
	Steel	106.17	320.04
	Non-ferrous Metals	4.50	5.96
	Ferrous Castings	311.67	1131.30
	Non-ferrous Castings	2.01	2.10
	Forgings	254.28	709.57
	Standard parts	338.53	115.27
	Components	3464.65	8723.63
	Others	9.68	-
		4491.49	11007.87
7	Work-in-progress		
	Tractors & its parts	1007.62	807.99
	Food Processing Machines	125.72	109.94
		1133.34	917.93
8	Information regarding imports, expenditure and earnings in foreign exchange and consumption		
a)	CIF value of imports		
	Raw Materials	58.49	-
	Components and Spare Parts	-	0.26
	Capital Goods	-	-
b)	Expenditure in Foreign Currency (on payment basis) on account of royalty, know-how, professional and consultation fees, interest, and other matters;	-	-
c)	Consumption of Raw materials, Components, Stores & Spare parts		
	Imported		
	` in lakhs	16.61	14.99
	%	0.34	0.10
	Indigenous		
	` in lakhs	4881.88	11522.41
	%	99.66	99.10
d)	Earnings in Foreign Exchange		
	Exports		
	Routed through the wholly owned Subsidiary, HMT (International) Ltd.	-	-
	Others	54.26	23.00
9	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		

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 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 ₹ 50000/- per eligible employee and the balance is being retained in the books to meet any additional liability accruing thereon.

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

1	Retirement Age	58 years
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 31-03-2013 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 ₹ 3935.75 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2012-13	2011-12
1. Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	601.74	711.25
Interest cost	48.14	56.90
Current Service Cost	1.10	1.92
Benefits Paid	50.00	124.50
Actuarial (gain)/loss on obligations	(87.80)	(43.83)
Present value of obligation as at end of year	513.18	601.74
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets of beginning of year	614.64	564.23
Expected return on plan assets	54.32	52.91
Contributions	0.34	122.00
Benefits paid	50.00	124.50
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	619.30	614.64
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	614.64	564.23
Actual return on plan assets	54.32	52.91
Contributions	0.34	122.00
Benefits Paid	50.00	124.50
Fair value of plan assets at the end of year	619.30	614.64
Funded status	106.12	12.90

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 15 (REVISED)

- EMPLOYEE BENEFIT

(` in lakhs)

	Gratuity (Funded)	
	2012-13	2011-12
4 Actuarial Gain/Loss recognized		
Actuarial gain/(loss) for the year - Obligation	87.80	43.83
Actuarial gain/(loss) for the year - plan assets	-	-
Total (gain)/loss for the year	(87.80)	(43.83)
Actuarial gain/(loss) recognised in the year	87.80	43.83
5 Amounts recognised in the Balance Sheet and Statement of Profit & Loss		
Present value of obligations as at the end of the year	513.18	601.74
Fair Value of plan assets as at the end of the year	619.30	614.64
Funded Status	106.12	12.90
Net Asset/(liability) recognised in balance sheet	106.12	12.90
6. Expenses Recognised in statement of Profit & Loss Account		
Current Service Cost	1.10	1.92
Interest Cost	48.14	56.90
Expected return on plan assets	54.32	52.91
Net Actuarial (gain)/loss recognised in the year	(87.80)	(43.83)
Expenses recognised in statement of Profit & Loss	(92.88)	(37.92)

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 17

- SEGMENT REPORTING

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 Tractor Business.

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 18

- RELATED PARTY DISCLOSURES

1	Name of the Company	SUDMO HMT Process Engineers (India) Ltd, Bangalore		
2	Nature of Relationship	An Associate Company		
3	Nature of Transaction during the year			
				(` In lakhs)
			2012-13	2011-12
	Advances given for expenses		2.24	2.10
	Advances reimbursed by the Company		-	6.71
4	Outstanding at the year end			
	- Advance receivable		4.34	2.10

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 20 - EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	2012-13	2011-12
Profit/(loss) for the period as per Statement of Profit & Loss	(14541.93)	(8219.82)
Weighted Average number of Equity Shares (in Nos)	760350140	760350140
Basic and Diluted Earning per Share (₹)	(1.91)	(1.08)
Nominal Value of Shares (₹)	10	10

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 29 -PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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 1.4.2012		92.06
Additions during 2012-13		<u>10.45</u>
Total		<u>102.51</u>
Less: Used during 2012-13		
Utilised	28.84	
Withdrawn	63.29	<u>92.13</u>
Closing Balance as on 31.3.2013		<u>10.38</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra-ordinary Items	(14,537.66)	(8,219.82)
Adjustment for:		
Depreciation & Amortisation	354.76	440.34
Profit on Sale of Fixed Assets (net)	(13.85)	(2.08)
Amortisation of Special Tools	111.70	132.18
Foreign Exchange (net)	-	-
Interest debited (Net)	6,889.03	5,420.23
Dividend received	(14.40)	(14.40)
Bad debts/advances, obsolete materials written off	64.78	0.50
Provision for slow/non moving inventories, Doubtful debts, Advances and Investments	(28.03)	491.80
Operating Profit Before Working Capital Changes	(7,173.67)	(1,751.25)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	3,016.61	529.78
(Increase)/Decrease in Inventories	2,319.39	(2,837.96)
(Increase)/Decrease in Other Current Assets	(277.67)	(149.87)
Increase/(Decrease) in Trade payables & Other Current Liabilities	272.16	206.21
	<u>5,330.49</u>	<u>(2,251.84)</u>
Cash Generated From Operations	(1,843.18)	(4,003.09)
Direct Taxes paid	-	-
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	(1,843.18)	(4,003.09)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(1,843.18)</u>	<u>(4,003.09)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7.49)	(81.07)
Sale proceeds of Fixed Assets	13.81	3.86
Sale of Investments	-	-
Dividend Received	14.40	14.40
(Payment)/Receipt-Subsidiaries	256.37	50.35
Interest Received	6.84	11.13
NET CASH USED IN INVESTING ACTIVITIES	<u>283.93</u>	<u>(1.33)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term/Short Term Borrowings	3,048.44	6,723.00
Repayment of Long Term/Short Term Borrowings	(250.00)	(1,158.56)
Exchange Difference (net)	-	-
Interest Paid	<u>(1,148.24)</u>	<u>(1,581.01)</u>
NET CASH USED IN FINANCING ACTIVITIES	1,650.20	3,983.43
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>90.95</u>	<u>(20.99)</u>
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	361.87	382.86
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	<u>452.82</u>	<u>361.87</u>
	90.95	(20.99)

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.B15.

For and behalf of the Board

As per our Report attached
 For M/s. S R R K SHARMA ASSOCIATES
 CHARTERED ACCOUNTANTS
 (ICAI Regn. No. 003790S)

Harbhajan Singh
 Chairman and
 Managing Director

Antony Chacko
 Director (Operations)

U.Jagadish Nayak
 General Manager &
 Company Secretary

(CA. S R R K SHARMA)
 Partner (M.No. 018088)

Place : New Delhi
 Date : 08-08-2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES
 (in Lakhs)

1.	Name of The Subsidiary	HMT (International) Ltd	HMT Bearings Ltd	HMT Machine Tools Ltd	HMT Watches Ltd	HMT Chinar Watches Ltd
2	Financial Year of the Subsidiary ended on	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
3	Holding Company's Interest Equity Share Capital	All 7,20,000 Equity Shares (including 6,90,000 Bonus Shares) of ` 10 each fully paid up	3,74,68,586 Equity Shares out of 3,77,09,086 shares of ` 10 each fully paid up	27,65,99,137 Equity shares of ` 10 each fully paid up	64,90,100 Equity Shares of ` 10 each fully paid up	16,60,100 Equity Shares of ` 10 each fully paid up
4	Net aggregate profits or losses for the current financial year since becoming a Subsidiary so far as it concerns the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	448.48	(205.55)	(4364.65)	(24247.29)	(5116.17)
5	Net aggregate profits or losses for the previous financial years since becoming a Subsidiary so far as it concerns the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	2598.25	(10771.87)	(90032.06)	(177667.50)	(43280.00)
6.	Net aggregate amount received as dividends for previous financial years since becoming a Subsidiary dealt with in the accounts of the Holding Company in the relevant years	317.40	594.21	Nil	Nil	Nil

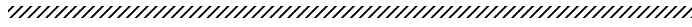
For and on behalf of the Board

 Harbhajan Singh
 Chairman and Managing Director

 Antony Chacko
 Director, Operations

 U. Jagadish Nayak
 General Manager & Company Secretary

 Place : New Delhi
 Date : 30th August 2013



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
HMT Limited, Bangalore

We have audited the attached consolidated Balance Sheet of HMT Limited, Bangalore and its Subsidiaries as at 31st March 2013, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with Accounting Standards referred to in Sub-Section 3 (c) of 211 of the Companies Act, 1956. This responsibility includes a design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

1. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ` 482.70 Crores as at 31st March 2013, the total revenues of ` 303.64 Crores and net cashflows amounting to ` 22.74 Crores for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
2. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules, 2006.
3. Without qualifying our opinion, we invite attention to the following:
 - i. The company has not re-constituted the Audit Committee as required under Section 292 A of The Companies Act, 1956, since appointment of Independent Directors by the Government of India is pending, as explained to us.
 - ii. The Authorised Share Capital was enhanced from ` 1000 Crores to ` 1450 Crores vide resolution passed at 55th Annual General Meeting of the members of the company held on September 27, 2008, but the company has not notified to the Registrar of Companies by filing Form-5 prescribed under the Companies General Rules and Forms.
 - iii. The Accumulated losses of the company have exceeded the net worth of the company and the company has been incurring cash losses for the past few years. However, the accounts of the company have been prepared on the basis of going concern assumption. In our opinion, the

going concern concept will hold good depending on the receipt of adequate financial support from Govt of India and/or its bankers to sustain its operations.

Qualified opinion

4. No provision for diminution in the value of Long Term Investments in APGPCL, which is other than temporary to an extent of ` 1.63 crores has not been made. Consequently loss is understated and Investments are overstated to that extent.
5. In Case of FOR Destination Contracts, HMT Machine Tools Ltd is recognizing its revenue on sales when "LR/GR obtained and endorsed in favour of customer" irrespective of the significant risk and rewards are not transferred to the buyer. Consequently, the Sales which are in Transit as on March 31, 2013 and whose ownership is still lying with the company are recognized as sales for the financial year 2012-13. This resulted in overstatement of sales by ` 7.22 Crores and understatement of loss by ` 0.82 Crores.
6. In respect of HMT Machine Tools Limited, a portion of land admeasuring approximately 39 acres is not in possession of the company, the value of such land included in Fixed Assets is not ascertained. Loss, on account of these lands, could not be ascertained.
7. In HMT Machine Tools Ltd, "Sanctioned Rehabilitation Scheme from Board for Industrial and Financial Reconstruction (BIFR)" regarding non recognition of various sanctions, waivers and exemptions from various government agencies and banks in the financial statements for the year ended March 31, 2013 as the stake holders filed an appeal before Appellate Authority for Industrial and Financial Reconstruction against the order of BIFR.
8. We draw your attention to "Amount withheld towards liquidated damages and interest on advances claimed / if claimed on delayed supplies". As per the information and explanations provided, these were withheld by buyers due to delay in supply in accordance with agreement with the parties. This resulted in overstatement of Trade Receivables and understatement of loss by ` 2.13 Crores.
9. In HMT Machine Tools Limited, the Penal interest of ` 4.14 crores up to 31.03.2013 (PY ` 3.58 crores) on the unpaid/ belated remittance of contributions under 'Employees Family Pension Scheme' and ` 1.88 crores up to 31.03.2013 (PY ` 1.82 Crores) on unpaid / belated remittances of PF Contribution in respect of Hyderabad (PTH) branch not accounted, which resulted in accumulative losses and liabilities are understated by ` 6.02 crores.
10. In HMT Machine Tools Limited and some of the Divisions of HMT Watches Limited except Watch Factory, Ranibagh, have not disclosed the amount remaining un-paid as at the year-end to vendors under the Micro, Small and Medium Enterprises Development Act, 2006, due to non-availability of required information. Hence, no provision is made for the liability, if any, towards the interest payable under Micro, Small and Medium Enterprise Development Act, 2006. The impact on non provision of such interest on the financial result cannot be quantified due to non-availability of required information.
11. Lease rentals regarding land admeasuring 2.71 acres leased to the Kerala Electricity Board and the Postal Authorities in Kalamassery, not accounted by HMT Machine Tools Limited and the consequential effect, if any, is not ascertainable.
12. In HMT Watches Limited, the Company has not identified, measured, quantified and disclosed the impairment of assets and its impact in the current financial statement in line with the Accounting Standard 28.
13. Valuation of work in progress at HMT Watches Ltd is not in accordance with the Accounting Standard-2 as the same is valued at cost instead of at cost or NRV, whichever is lower. Moreover overheads have been recovered on the basis of actual production instead of normal capacity. The impact of such valuation on the financial results cannot be quantified.
14. In HMT Watches Limited, the Company has adjusted ` 40.11 lakhs towards interest on Excise Duty against the Excise Duty receivable – Cenvat Account in Watch Factory, Ranibagh. This is not in accordance with the provisions of Cenvat Credit Rules. This has resulted in understatement of net loss to the extent of ` 40.11 lakhs and understatement of current assets to that extent. And 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.

15. **Certain balances under Trade payables, other current liabilities, Trade receivables, loans and advances are subject to confirmation and reconciliation. These balances include certain old balances requiring review and reconciliation. Consequential impact of the same on the loss for the year/ accumulated loss is not ascertainable.**
16. **We further report that, there is an understatement of Loss in the consolidated financial statements amounting to ` 4.98 Crores in aggregate for the year, after considering the qualifications in respect of HMT Limited audited by us and other Statutory Auditors qualifications in respect of its subsidiaries to the extent quantification is possible and the consolidated loss reported by HMT Group would have been at ` 482.86 Crores (as against the reported loss of ` 477.88 Crores).**

Subject to the comments in paras 4 to 16 above, based on our audit and on consideration of reports of other auditors on separate financial statements and

on the other financial information of the components, and considering the explanations given to us by the Corporate Office of the Holding Company, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affair of the HMT Limited and its Subsidiaries as at 31st March 2013;
- b) in the case of the consolidated Statement of Profit and Loss of the consolidated **LOSS** of HMT Limited and its Subsidiaries for the year ended on that date; and
- c) in the case of consolidated Cash Flow Statement, of the Consolidated Cash Flows of HMT Limited and its Subsidiaries for the year ended on that date.

For S.R.R.K.Sharma Associates.
Chartered Accountants,
(ICAI Regn.No.003790S)

(CA . S R R K SHARMA)
Partner
M.No.018088

Place: Bangalore
Date: 30th August, 2013.

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, 1956 and comply with the mandatory Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006, to the extent applicable.

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 method, at the rates prescribed in Schedule XIV to the Companies Act, 1956, 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 ` 5000/- per asset which is written off 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.

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.

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

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.

In respect of Long Term Contracts at cost plus proportionate profits. The proportion of profits included as a percentage of the estimated profits of the contract apportioned in the ratio of value of work done or certified to the total value of the contract.

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.

Dispatches to dealers/customers in respect of Tractors, Machines, Watches and 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 ` 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 and 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 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 ` 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 disbursement.

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 2013

(` in lakhs)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	B1	76035.01	76035.01
(b) Reserves and Surplus	B2	(432052.39)	(384011.48)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	B3	44300.00	44300.00
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	B4	143903.03	124766.34
(b) Deferred Tax Liabilities (Net)	B5	117.02	115.47
(c) Long-term Provisions	B6	16667.50	18382.29
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	B7	11032.81	12155.51
(b) Trade Payables	B8	8118.08	9141.71
(c) Other Current Liabilities	B9	178978.43	150248.73
(d) Short-term Provisions	B10	12133.44	11951.94
TOTAL		<u>59232.93</u>	<u>63085.52</u>
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	B11	12439.56	13690.28
(ii) Intangible Assets	B11	107.26	26.08
(iii) Capital Work-in-Progress		358.25	48.90
(iv) Machinery & Equipment in transit & under inspection/erection		936.72	-
(b) Non-Current Investments	B12	232.08	232.08
(c) Long Term Loans & Advances	B13	105.16	429.23
2 CURRENT ASSETS			
(a) Inventories	B14	18744.54	18721.79
(b) Trade Receivables	B15	12279.47	14221.95
(c) Cash and Cash Equivalents	B16	5523.05	7706.17
(d) Short-term Loans and Advances	B17	7032.36	7066.37
(e) Other Current Assets	B18	1474.48	942.67
TOTAL		<u>59232.93</u>	<u>63085.52</u>
See accompanying notes to the financial statements.			
Additional Information to Balance Sheet	B19		
Accounting Policies form part of the Accounts			

For and on behalf of Board

 As per our Report attached
 For M/s. S R R K SHARMA ASSOCIATES
 CHARTERED ACCOUNTANTS
 (ICAI Regn. No. 003790S)

 Harbhajan Singh
 Chairman and
 Managing Director

 Antony Chacko
 Director (Operations)

 U.Jagadish Nayak
 General Manager &
 Company Secretary

 (CA. S R R K SHARMA)
 Partner (M.No. 018088)

 Place : New Delhi
 Date : 30-08-2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(` in lakhs)

Particulars	Note No.	Year ended 31-03-2013	Year ended 31-03-2012
<u>REVENUE</u>			
I Gross Revenue from Operations	P1	38369.56	44967.16
Less: Excise Duty		2769.56	2626.81
Net Revenue from Operations		35600.00	42340.35
II Other Income	P3	5265.51	5375.98
III Total Revenue (I + II)		40865.51	47716.33
<u>IV EXPENSES</u>			
Cost of Materials Consumed	P4	16377.84	23112.30
Purchase of Stock in Trade	P5	1760.07	1784.91
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	P6	(720.14)	(3618.02)
Employee Benefits Expense	P7	26093.43	27322.21
Depreciation & Amortisation	P8	1413.50	1579.43
Other Expenses	P9	8307.08	8055.04
Finance Costs	P10	32786.76	28398.08
Less: Jobs done for Internal use	P2	(441.46)	(353.86)
Total Expenses		85577.08	86280.09
V Profit / (Loss) Before Exceptional, Extraordinary items, Adjustment for Prior Period Items and Tax (III - IV)		(44711.57)	(38563.76)
VI Exceptional Items - (Income) / Expenditure	P11	1466.49	2370.01
VII Prior Period Adjustments	P12	1609.55	38.69
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		(47787.61)	(40972.46)
IX Extra ordinary Items	P13	-	492.40
X Profit / (Loss) Before Tax (VIII - IX)		(47787.61)	(40480.06)
XI <u>Tax Expense</u>			
(1) Current Tax		235.00	55.00
(2) Deferred Tax		1.55	1.92
(3) Tax provision of earlier years withdrawn		-	(17.81)
XII Profit / (Loss) for the Period (X - XI)		(48024.16)	(40519.17)
XIII Earnings Per Equity Share:			
Basic / Diluted Earnings per share of ` 10/- each (in Rupees)		(6.32)	(5.33)
No. of Equity Shares (Weighted Average Basis)		760350140	760350140
See accompanying notes to the financial statements. Additional Information to Statement of Profit and Loss Accounting Policies form part of the Accounts			

For and on behalf of Board

 As per our Report attached
 For M/s. S R R K SHARMA ASSOCIATES
 CHARTERED ACCOUNTANTS
 (ICAI Regn. No. 003790S)

 Harbhajan Singh
 Chairman and
 Managing Director

 Antony Chacko
 Director (Operations)

 U. Jagadish Nayak
 General Manager &
 Company Secretary

 (CA. S R R K SHARMA)
 Partner (M.No. 018088)

 Place : New Delhi
 Date : 30-08-2013

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B1	SHARE CAPITAL		
	AUTHORISED		
	100,00,00,000 (Previous year 100,00,00,000) Equity Shares of ` 10/- each	100000.00	100000.00
	4,50,00,000 (Previous year 4,50,00,000) Preference Shares of ` 100/- each	45000.00	45000.00
		145000.00	145000.00
	ISSUED, SUBSCRIBED & PAID UP		
	76,03,50,140 (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 }	76035.01	76035.01
	75,18,53,740 i.e., 98.88% (Previous year 75,18,53,740 i.e., 98.88%) Equity Shares of ` 10/- each are held by President of India alongwith nominees	76035.01	76035.01

B2 RESERVES AND SURPLUS

Particulars	As at 01-04-2012	Additions	Withdrawals	As at 31-03-2013
Capital Reserve*	2270.82	-	-	2270.82
General Reserve	16119.97	431.00	-	16550.97
Balance in Statement of Profit & Loss	(402402.27)	(48471.91)	-	(450874.18)
	(384011.48)	(48040.91)	-	(432052.39)

*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.

B3 SHARE APPLICATION MONEY

Towards 3.5% Redeemable Preference Share Capital under Revival Plan of HMT Machine Tools Ltd, a Subsidiary Company, approved by Govt. of India.	44300.00	44300.00
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NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B4	LONG TERM BORROWINGS		
	SECURED		
	3 YEAR HMT BONDS-2001		
	Non Convertible Bonds with interest @ 10% & 12% redeemable at par, the earliest date of redemption being 01.06.2004 secured by assets of the Company located at Pinjore and assets of HMT Machine Tools Ltd., a Subsidiary Company, located at Ajmer. Trust Deed in favour of the Bond Holders is pending execution.	5800.00	6050.00
	Amount of continuing default ` 5800.00 lakhs (<i>Previous year</i> ` 6050.00 lakhs)	5800.00	6050.00
	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	138053.03	118666.34
	Amount of continuing default ` 90314.09 lakhs (<i>Previous year</i> ` 62139.67 lakhs) and the earliest date of continuing default is 07.04.2005.		
	Non Convertible 5 Year Bonds - 1999-2000 carrying interest @ 16.5% redeemable at par, the earliest date of redemption being 22.06.1999.		
	Amount of continuing default ` 50 lakhs (<i>Previous year</i> ` 50 lakhs)	50.00	50.00
		138103.03	118716.34
		143903.03	124766.34
B5	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liability arising on account of Depreciation	117.02	115.47
		117.02	115.47
B6	LONG TERM PROVISIONS		
	Gratuity	14535.13	15871.49
	Earned Leave Encashment	1511.01	1850.69
	Settlement Allowance	621.36	660.11
		16667.50	18382.29

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B7	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credit Loans secured by hypothecation of 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.	8233.66	8200.42
	Short Term Loan secured by hypothecation of 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.	2799.15	2764.25
		11032.81	10964.67
	UNSECURED		
	Short Term Loan from Banks	-	1190.84
		-	1190.84
		11032.81	12155.51
B8	TRADE PAYABLES		
	Acceptances	607.70	723.85
	Dues towards Goods purchased & Services Received	6656.24	7531.13
	Dues to Micro & Small Enterprises	854.14	886.73
		8118.08	9141.71
B9	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	13643.80	16841.88
	Interest accrued and due on borrowings		
	3 year HMT Bonds 2001	1713.65	1730.75
	5 year Bonds 1999	22.17	22.17
	Short Term loan from Bank	5.31	-
	Loans from Government of India	108873.19	81211.21
	Interest accrued but not due on borrowings		
	Government of India Loan	15749.60	13962.23
	Advance received against sale of land	889.62	889.62
	Advance received against sales	4151.98	6670.64
	Sundry Creditors - other dues	8916.71	7520.12
	Other liabilities	25012.40	21400.11
		178978.43	150248.73
B10	SHORT TERM PROVISIONS		
	Gratuity	3000.90	2637.22
	Leave Encashment	594.92	655.32
	Settlement Allowance	197.72	175.04
	Contingencies	607.63	635.23
	Taxation	419.58	247.51
	Warranty	212.20	272.09
	Others	7100.49	7329.53
		12133.44	11951.94

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET
B11 FIXED ASSETS

(` in lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01-04-2012	Additions during the year	Deductions/ Adjustments as at 31-03-2013	Balance as at 01-04-2012	Depreciation during the year	Balance as at 31-03-2013	Balance as at 31-03-2013	Balance as at 01-04-2012
I Tangible Assets								
Land & Land Development	659.90	-	659.90	-	-	-	659.90	659.90
Land-Leasehold	26.73	-	26.57	11.69	0.25	11.94	14.63	15.04
Buildings	6860.04	125.96	6986.00	4574.56	93.50	4668.06	2317.94	2285.48
Plant and Machinery	61090.79	17.15	61002.60	50666.31	1267.57	51828.76	9173.84	10424.48
Furniture, Fittings & Office Appliances	2083.63	15.36	2088.50	1804.00	40.33	1836.17	252.33	279.63
Transport Vehicles	271.78	-	256.64	246.02	4.67	235.72	20.92	25.76
II Intangible Assets								
Design & Prototype	27.58	-	27.58	1.50	2.76	4.26	23.32	26.08
Tech. Acquisition/Development	-	88.36	88.36	-	4.42	4.42	83.94	-
Total	71020.45	246.83	71136.15	57304.08	1413.50	58589.33	12546.82	13716.37
Previous Year	70431.58	746.33	71020.45	55856.12	1579.43	57304.09	13716.36	

Note: 1) Quantum of loss due to Impairment of Assets as per AS-28 - Nil

2) Additions includes Nil (Previous year ` 31.85 lakhs) borrowing cost capitalised in respect of assets put to use during the year to conform accounting policy of the company as against charge to revenue in the recent earlier years.

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.
- The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. The unamortised value of this land amounting to ` 3.39 lakhs as on 31.3.2012 has been fully charged off during the year 2011-12, leaving a balance of ` 1/-. Further, legal action is being pursued for restoration of the encroached land.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

- 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. However, provision has been made for estimated liability for lease rent.
- 6 Land admeasuring 2.71 acres has been leased out to the Kerala Electricity Board and Postal authorities in Kalamassery
- 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 Kavadiguda, 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 Machine Tools Ltd, 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.

PLANT AND MACHINERY

- 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 ` 19,54,820/-.
- 10 In respect of HMT MTL, inter changes of group opening balances of ` 16.07 lakhs between Building and Plant & Machinery has been reclassified.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B12	NON CURRENT INVESTMENTS		
	TRADE INVESTMENTS	-	-
	OTHER INVESTMENTS (UNQUOTED) - AT COST		
	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
	2,94,800 (<i>Previous year 2,94,800</i>) Equity Shares of ` 10/- each (of which 1,34,000 [<i>Prev. year 1,34,000</i>] Shares at a premium of ` 140/- each) fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad	217.08	217.08
	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
		424.47	424.47
	Less: Provision for dimunition in value of Investment		
	Nigeria Machine Tools Ltd., Nigeria	171.55	171.55
	Gujarat State Machine Tools Corporation Ltd, Bhavnagar	20.84	20.84
		192.39	192.39
		232.08	232.08
B13	LONG TERM LOANS AND ADVANCES		
	Capital Advance		
	Unsecured Considered Good	105.16	429.23
	Unsecured Considered Doubful	7.88	8.42
		113.04	437.65
	Less:Provision for Doubtful Advance	7.88	8.42
		105.16	429.23
B14	INVENTORIES		
	Raw Materials and components	3937.04	4210.56
	Material and components in transit	420.93	413.97
	Work-in-progress	9962.78	7701.71
	Finished goods	6695.27	8160.97
	Stock in Trade	434.24	475.84
	Stores and spares	1462.81	1634.55
	Tools and instruments	817.46	899.14
	Scrap	111.70	145.33
		23842.23	23642.07
	Less: Provision for Non-moving Inventories	5097.69	4920.28
		18744.54	18721.79

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B15	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period less than six months from the date they are due for payment:		
	Considered good	8330.41	10704.74
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	Considered good	3949.06	3517.21
	Considered doubtful	12677.45	12577.04
		24956.92	26798.99
	Less: Provision for doubtful debts	12677.45	12577.04
		12279.47	14221.95
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-
B16	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	493.94	148.95
	Balance with Banks in Current account	1247.47	801.03
	Balance with Banks in Deposit account*	3773.93	6754.98
	With Post Office in Savings Bank Accounts**	7.71	1.21
		5523.05	7706.17
	* Includes		
	Deposits with maturity of 3 months or less	53.29	158.41
	Deposits with more than 12 months maturity	859.17	769.84
	Deposits held as margin money or security against guarantees & other commitments	1740.95	2016.60

** Pass Books deposited with Central Excise Authorities.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B17	SHORT TERM LOANS AND ADVANCES*		
	SECURED, CONSIDERED GOOD:		
	Advances	7.93	10.57
		<u>7.93</u>	<u>10.57</u>
	UNSECURED, CONSIDERED GOOD:	-	-
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	UNSECURED		
	Considered Good	5626.38	5611.87
	Considered Doubtful	932.54	988.72
		<u>6558.92</u>	<u>6600.59</u>
	Less:Provision for doubtful advances	932.54	988.72
		<u>5626.38</u>	<u>5611.87</u>
	OTHER ADVANCES		
	UNSECURED CONSIDERED GOOD		
	Balance with Collectors of Customs, Central Excise, etc.,	46.88	83.11
	Deposits	927.20	915.61
	Advance Income Tax/TDS Receivable	423.97	390.01
	Advance Fringe Benefit Tax	-	55.20
		<u>1398.05</u>	<u>1443.93</u>
		<u>7032.36</u>	<u>7066.37</u>
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member.	-	-
B18	OTHER CURRENT ASSETS		
	Special Tools	449.75	361.28
	Interest on Trade Receivable	6129.12	5491.49
	Less: Provision for interest on Trade Receivable	5104.39	4910.10
		<u>1024.73</u>	<u>581.39</u>
		<u>1474.48</u>	<u>942.67</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
B19	Additional Information to Balance Sheet		
1	The Company is contingently liable for:		
1.1	Claims against the Company not acknowledged as debts		
	A. Tax related claims pending in appeal		
	i) Excise Duty	430.74	509.01
	ii) Sales Tax	645.11	464.09
	iii) Customs Duty	212.29	212.29
	iv) Property Tax	1064.25	1323.78
	v) Others	45.84	40.90
	B. Employee related claims relating to Lockouts, Back wages Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	1554.27	1401.40
	C. Others Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	5539.62	4227.45
1.2	Guarantees/Counter Guarantees issued	699.55	3254.87
1.3	Additional Bonus, if any, for the year 1985-86 (Para 10.1)	7.15	7.31
1.4	Liability towards interest, penalty/damages as per 7Q and 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952	4987.91	5207.09
1.5	Non receipt of related Forms against levy of concessional Sales Tax	2890.60	2023.45
	The uncertainties relating to outflow and the possibility of any reimbursement of the above is not ascertainable		
2	Estimated amount of contracts remaining to be executed on capital account and not provided for	186.87	1158.04
3	Issued, Subscribed and paid -up capital includes 84,96,400 Equity Shares of ` 10/- each disinvested by Government of India to Financial Institutions and Mutual Funds. Percentage of Capital disinvested	1.12%	1.12%
4	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		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
	<p>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>		
5	<p>Share Application Money</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. However shares have not been allotted in favour of President of India pending registration of increase in the Authorised Share Capital with ROC.</p> <p>As per the Revival Plan sanction, the Preference Share Capital had to be redeemed from out of sale of surplus immovable Properties of HMT MTL. However, 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 will have to be approved by the Government as part of the Revival Plans of the Company (HMT Ltd) which is under consideration of the Government. Upon approval of the Government to the Revival Plan, the required funds will be raised through the sale of the immovable properties and the Preference Share Capital will be redeemed. Pending communication from GOI, the Company has continued to disclose the Preference Share Capital as was done in the previous year.</p>		
6	<p>Bonds Redemption Reserve as required u/s 117C of the Companies Act, 1956 is not made in respect of 3 year HMT Bonds-2001 issued by the Company in the absence of Profit.</p>		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
7	Deferred Tax Asset/Liability Accounting for Taxes as per Accounting Standard-22. Deferred Tax balance as at March 31, 2013 comprising the timing difference between the profit as per financial statements and as per Income Tax is made up of:		
	Deferred Tax Assets (Net) Opening Balance	(115.47)	(113.55)
	On Depreciation to Fixed Assets	(1.55)	(1.92)
	Deferred Tax Assets (Net) Closing Balance	<u>(117.02)</u>	<u>(115.47)</u>
8	Inventories include		
8.1	Excise Duty paid / payable on Closing Stock of Finished Goods & Scrap. However, this has no effect on the working results of the Company	689.23	552.46
8.2	Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	815.35	990.83
8.3	Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.		
9	Trade Receivables include		
9.1	Dues towards erection and commissioning for a period exceeding one year	272.40	242.13
9.2	Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	540.25	330.52
9.3	Dues from parties against whom cases have been filed before various Courts which are pending.	3430.00	3430.00
10	Advances include		
10.1	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	28.37	34.49
10.2	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	3984.17	4047.37
11	Disclosure regarding dues to Micro & Small Enterprises based on the information available with the company		
(a)	Dues to Micro & Small Enterprises remaining unpaid as at the end of the year		
(i)	Principle	854.14	886.73
(ii)	Interest due thereon	331.93	221.21

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2013	As at 31-03-2012
	(b) Amount of interest paid along with the amounts of payment made to the the supplier beyond the appointed day during the year	-	-
	(c) Amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED Act, 2006	-	-
	(d) Amount of interest accrued and remaining unpaid as at the end of each accounting year		
	2012-13	110.72	
	2011-12	72.59	72.59
	2010-11	60.38	60.38
	2009-10	56.36	56.36
	2008-09	31.24	31.24
	2007-08	0.64	0.64
	(e) Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-
12	Other liabilities include unspecified/excess credits in bank accounts	18.31	17.73
13	No provision has been made towards GOI counter guarantee fee in one of the units of HMT MTL.	-	-
14	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 waivers and exemptions in the financial statements of HMT MTL for the period ended 31.3.2013, from the various stake holders as envisaged in the DRS, approved by BIFR.		
15	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.		
16	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.		
17	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		
-	-		

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P1	GROSS REVENUE FROM OPERATIONS*		
	INLAND		
	TRACTOR AND OTHERS		
	Tractors	8128.67	14290.27
	Food Processing Machinery	838.93	465.08
	Accessories	167.02	216.43
	Sundry jobs and miscellaneous sales	952.12	1132.70
	Packing / Forwarding charges	8.36	7.42
		<u>10095.10</u>	<u>16111.90</u>
	MACHINE TOOLS		
	Machine Tools	18597.63	18582.48
	Accessories	2580.84	2807.78
	Sale of services	160.84	164.52
	Sundry jobs and miscellaneous sales	2160.32	2363.15
	Packing/forwarding charges	123.54	128.20
		<u>23623.17</u>	<u>24046.13</u>
	WATCHES		
	Watches	1003.07	831.68
	Watches issued to employees/others	-	0.01
	Sale of services	5.96	6.36
	Sundry jobs and miscellaneous sales	117.19	145.99
	Packing/forwarding charges	15.92	48.42
		<u>1142.14</u>	<u>1032.46</u>
	BEARINGS		
	Ball & Roller Bearings	1253.64	1602.37
		<u>1253.64</u>	<u>1602.37</u>
	EXPORTS		
	Sales & Commission	834.03	203.64
	Technical Services	74.67	9.62
	Project Works	1346.81	1961.04
		<u>2255.51</u>	<u>2174.30</u>
		<u>38369.56</u>	<u>44967.16</u>

* Nett of Trade Discount

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P2	JOBS DONE FOR INTERNAL USE		
	Capital Works	-	56.61
	Shop manufactured Special Tools	441.46	297.25
		441.46	353.86
P3	OTHER INCOME		
	Recoveries from Staff/Others	317.52	349.47
	Royalties	0.23	3.90
	Rent received	623.62	330.24
	Profit on sale of assets	62.09	76.74
	Interest Income		
	On Bank Deposits	479.72	649.16
	Interest from Dealers/Others	550.19	524.99
	Dividend from Subsidiaries	14.40	14.40
	Provisions no longer required withdrawn	1598.09	1701.08
	Bad Debts realised	412.97	-
	Grant received from GOI	-	25.65
	Miscellaneous Income	1206.68	1700.35
		5265.51	5375.98
P4	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	4210.56	4373.35
	Purchases	13091.37	17980.01
		17301.93	22353.36
	Less: Closing Stock	3937.04	4210.56
	Less: Prior period consumption	1655.92	-
	Cost of Materials Consumed	11708.97	18142.80
	Consumption of Stores, Spares, Tools & Pkg. Matls. *	4668.87	4969.50
		16377.84	23112.30
	* Includes Stores and Spares parts for:		
	Repairs to Machinery	33.39	56.20
	Repairs to Building	5.27	6.38
P5	PURCHASES OF STOCK IN TRADE		
	Purchases of Stock in Trade	1760.07	1784.91
		1760.07	1784.91

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P6	CHANGES IN INVENTORIES OF WIP, FINISHED GOODS, SIT & SCRAP WORK IN PROGRESS		
	Closing Balance	9962.78	7701.71
	Opening Balance	7701.71	7473.77
		<u>(2261.07)</u>	<u>(227.94)</u>
	FINISHED GOODS		
	Closing Balance	6695.27	8160.97
	Opening Balance	8160.97	4786.25
		<u>1465.70</u>	<u>(3374.72)</u>
	STOCK IN TRADE		
	Closing Balance	434.24	475.84
	Opening Balance	475.84	392.49
		<u>41.60</u>	<u>(83.35)</u>
	SCRAP		
	Closing Balance	111.70	145.32
	Opening Balance	145.33	213.31
		<u>33.63</u>	<u>67.99</u>
		<u>(720.14)</u>	<u>(3618.02)</u>
P7	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	18083.60	18515.13
	House Rent Allowance	641.72	703.78
	Gratuity	2469.23	3295.02
	Contribution to PF & FPS	1998.90	1982.75
	Deposit Linked Insurance	53.03	62.56
	Contribution to ESI	30.35	16.53
	Welfare Expenses	2816.60	2746.44
		<u>26093.43</u>	<u>27322.21</u>
	* Includes		
	Wages for Repairs to Machinery	629.53	756.78
	Wages for Repairs to Building	46.70	57.55
P8	DEPRECIATION AND AMORTISATION		
	Depreciation	1406.32	1577.93
	Amortisation of Intangible Assets	7.18	1.50
		<u>1413.50</u>	<u>1579.43</u>
P9	OTHER EXPENSES		
	Power and Fuel	1513.44	1497.38
	Rent	114.41	128.99
	Rates and Taxes	548.53	197.88
	Excise Duty	215.88	198.08
	Insurance	58.23	47.38
	Water and Electricity	511.68	452.77
	Repairs to building	48.65	51.10
	Repairs to machinery	58.53	101.33

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
	Printing and Stationery	77.28	75.31
	Rebate on Sales	204.64	229.49
	Advertisement and Publicity	75.90	57.84
	Training	159.52	80.13
	Auditors Remuneration #	10.71	10.72
	Other Agents Commission	3.37	0.57
	Provision for Doubtful Debts, Loans and Advances	531.92	1018.33
	Provision for Non Moving Inventories	405.08	210.29
	Provision for Contingencies	164.82	247.15
	Warranty claims	201.19	212.50
	Loss sustained by PF Trust	382.01	345.38
	Loss on Assets sold	-	1.35
	Amortisation of Special Tools	364.58	319.64
	Amortisation of Technical Assistance Fee	-	3.67
	Bad Debts / Advances written off	93.93	2.54
	Carriage outwards	327.57	402.58
	Travelling Expenses *	532.98	504.97
	Miscellaneous Expenses **	1702.23	1657.67
		8307.08	8055.04
	# As Auditor	6.46	6.42
	For taxation matters	2.32	2.27
	For other services	0.23	0.15
	Reimbursement of expenses	0.80	0.83
	Service tax	0.47	0.69
	Cost Audit Fee & expenses	0.43	0.36
P10	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	29449.01	24965.32
	Cash Credit loans from Banks	1152.29	1561.86
	HMT Bonds	669.31	683.57
	Short Term Loan from Bank	284.26	266.32
	Others	943.43	631.93
	Other Borrowing Cost		
	Finance Charges	8.06	13.72
	Bank / Discounting Charges	270.07	277.31
	(Gain) / Loss on Foreign currency transactions (Net)	10.33	(1.95)
		32786.76	28398.08

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
P11	EXCEPTIONAL ITEMS		
	VRS Compensation	2105.03	2628.57
	Interest Waiver on Secured Loans	(638.54)	-
	Way leaving charges from BWSSB	-	(258.56)
		1466.49	2370.01
P12	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	1655.92	4.67
	Other Expenses	36.78	101.89
	Employee benefit expenses	-	0.73
	Other Income	(83.15)	(68.60)
	Sales reversal	1246.09	
	Sales related expenditure	41.86	
		<u>1287.95</u>	
	Sales	(1246.09)	
	Reversal of sales related expenditure	(41.86)	
		<u>(1287.95)</u>	-
		1609.55	38.69
P13	EXTRA ORDINARY ITEMS		
	Profit on sale of land	-	492.40
P14	Additional Information to Statement of Profit and Loss		
1	Sales is net off sales returns		
	Sales returns in respect of		
	a Tractors & Spares	771.66	120.22
	b Machine Tools	2.62	16.03
2	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.	701.21	453.32
	b Provision for Settlement Allowance made based on Actuarial Valuation	186.23	42.34
	c Arrears from 1.1.1997 to 31.3.2009 consequent to implementation of 1997 pay / wage revision vide GOI MHI&PE DPE Order No.05-III(5)2009-P.E.X dated 15-6-2011 in respect of HMT (I) Ltd	-	283.27

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
3	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].	2469.23	3295.02
4	Value of Special Tools individually costing less than ` 750 written off during the year.	64.29	83.79
5	Revenue expenditure on Research & Development charged to profit & loss account.	380.75	426.09
6	Consumption of Raw materials and components		
	Steel	701.02	1177.27
	Non-ferrous Metals	40.37	24.22
	Ferrous Castings	987.06	1844.58
	Non-ferrous Castings	46.49	83.56
	Forgings	325.89	782.48
	Standard parts	2682.53	2339.07
	Components	6682.43	11661.02
	Others	243.18	230.60
		11708.97	18142.80
7	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		

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, 2006 on the following basis:

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

	Country of Incorporation	Proportion of ownership Interest	
		2012-13	2011-12
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%

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
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 31-03-2013 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 ₹ 17536.03 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2012-13	2011-12
1 Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	2519.92	2585.61
Interest cost	201.59	206.85
Current Service Cost	18.91	21.54
Benefits Paid	302.17	389.42
Actuarial (gain)/loss on obligations	(106.96)	95.34
Present value of obligation as at end of year	2331.29	2519.92
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets of beginning of year	2684.98	2455.31
Expected return on plan assets	246.35	229.91
Contributions	198.76	389.17
Benefits paid	302.17	389.42
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	2827.92	2684.97
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	2684.98	2455.31
Actual return on plan assets	246.35	229.91
Contributions	198.76	389.17
Benefits Paid	302.17	389.42
Fair value of plan assets at the end of year	2827.92	2684.97
Funded status	496.63	165.05

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 17 - SEGMENT REPORTING

I Primary Segment information: (₹ in lakhs)						
Particulars	Machine Tools	Watches	Tractors	Bearings	Exports	Total
1 Segment Revenue						
- External Turnover	23623.17	1142.14	10095.10	1253.64	2255.51	38369.56
- Intra Segment Turnover	-	-	-	-	-	-
- Inter Segment Turnover	-	-	-	-	-	-
Gross Turnover	23623.17	1142.14	10095.10	1253.64	2255.51	38369.56
Less: Excise Duty	2322.16	129.38	152.88	165.14	-	2769.56
Net Turnover	21301.01	1012.76	9942.22	1088.50	2255.51	35600.00
2 Segment Result before interest						
PPA, EOI & Taxes	(2239.76)	(8079.65)	(2478.85)	231.17	642.28	(11924.81)
Interest	2134.69	19215.17	10403.07	1076.58	(42.75)	32786.76
Profit before Exceptional, Extra Ordinary items, PPA and Taxes	(4374.45)	(27294.82)	(12881.92)	(845.41)	685.03	(44711.57)
Exceptional Items	-	2105.03	-	(638.54)	-	1466.49
Prior period adjustments (PPA)	(9.80)	(36.39)	1655.74	-	-	1609.55
Profit before Extra Ordinary Items	(4364.65)	(29363.46)	(14537.66)	(206.87)	685.03	(47787.61)
Extra Ordinary Items	-	-	-	-	-	-
Profit/(Loss) before Tax	(4364.65)	(29363.46)	(14537.66)	(206.87)	685.03	(47787.61)
Current Tax	-	-	-	-	235.00	235.00
Deferred Tax	-	-	-	-	1.55	1.55
Profit/(loss) after Tax	(4364.65)	(29363.46)	(14537.66)	(206.87)	448.48	(48024.16)
3 Other information						
Segment Assets	31326.69	7728.78	13209.68	2812.41	4155.37	59232.93
Segment Liabilities	50720.55	199080.62	109147.57	10530.14	1471.43	370950.31
Capital Expenditure	137.52	0.71	7.49	-	101.11	246.83
Depreciation	945.82	53.66	354.76	29.46	18.60	1402.30
Non Cash Expenses other than depreciation	-	-	-	-	-	-

Note: As per Accounting Standard on Segment Reporting (AS-17) notified by Companies (Accounting Standards) Rules, 2006, 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	36114.05	- Within India	370950.31
- Outside India	2255.51	- Outside India	
Total	38369.56	Total	370950.31
2. Segment Assets		4. Segment Capital Expenditure	
- Within India	59232.93	- Within India	246.83
- Outside India		- Outside India	
Total	59232.93	Total	246.83

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 18

- RELATED PARTIES DISCLOSURE

1	Name of the Company	SUDMO HMT Process Engineers (India) Ltd, Bangalore	
2	Nature of Relationship	An Associate Company	
3	Nature of Transaction during the year	(` in lakhs)	
		2012-13	2011-12
	Advances given for expenses	2.24	2.10
	Advances reimbursed by the Company	-	6.71
4	Outstanding at the year end		
	- Advance receivable	4.34	2.10

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 20

- EARNINGS PER SHARE (EPS)

Particulars	2012-13	2011-12
Profit/(loss) for the period as per Statement of Profit & Loss (` in Lakhs)	(48024.16)	(40519.17)
Weighted Average number of Equity Shares (in Nos)	760350140	760350140
Basic and Diluted Earning per Share (`)	(6.32)	(5.33)
Nominal Value of Equity Shares (`)	10	10

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 29

- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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 01-04-2012		272.09
Additions during 2012-13		191.64
Total		<u>463.73</u>
Less: Used during 2012-13		
Utilised	143.21	
Withdrawn	108.32	<u>251.53</u>
Closing Balance as on 31-03-2013		212.20

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extra-ordinary Items	(47787.61)	(40972.46)
Adjustment for:		
Depreciation	1413.50	1579.43
Interest waiver on loans	(638.54)	-
Profit on Sale of Fixed Assets (net)	(62.09)	(75.39)
Amortisation of Special Tools	364.58	323.44
Foreign Exchange (net)	10.33	(1.95)
Interest debited (Net)	31468.39	26807.75
Dividend received	(14.40)	(14.40)
Amortisation of Technical Assistance Fee	-	3.67
Provision for Obsolescence, Doubtful debts, Advances	(496.27)	(225.31)
	32045.50	28397.24
Operating Profit Before Working Capital Changes	(15742.11)	(12575.22)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	2235.63	(1232.31)
(Increase)/Decrease in Inventories	(200.16)	(3626.13)
(Increase)/Decrease in Other Current Assets	(540.49)	(329.99)
Increase/(Decrease) in Trade payables	656.14	5059.77
	2151.12	(128.66)
Cash Generated From Operations	(13590.99)	(12703.88)
Direct Taxes paid	(41.69)	(62.91)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	(13632.68)	(12766.79)
Extra-ordinary Items		492.40
NET CASH FROM OPERATING ACTIVITIES	(13632.68)	(12274.39)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1492.90)	(196.28)
Sale proceeds of Fixed Assets	64.96	101.39
Sale of Investments	-	-
Dividend Received	14.40	14.40
Interest Received	479.72	649.16
NET CASH USED IN INVESTING ACTIVITIES	(933.82)	568.67

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term/Short Term Borrowings	16256.75	17562.98
Repayment of Long Term/Short Term Borrowings	(802.30)	(2210.31)
Repayment of Finance Lease Liabilities	-	-
Exchange Difference (net)	(10.33)	1.95
Dividends paid	-	-
Interest Paid	(3060.74)	(3588.59)
NET CASH USED IN FINANCING ACTIVITIES	12383.38	11766.03
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2183.12)	60.31
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2012 (Opening Balance)	7706.17	7645.86
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2013 (Closing Balance)	5523.05 (2183.12)	7706.17 60.31

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.B17.

For and on behalf of Board

As per our Report attached
For M/s. S R R K SHARMA ASSOCIATES
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)

Harbhajan Singh
Chairman and
Managing Director

Antony Chacko
Director (Operations)

U.Jagadish Nayak
General Manager &
Company Secretary

(CA. S R R K SHARMA)
Partner (M.No. 018088)

Place : New Delhi
Date : 30-08-2013

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES OF HMT LIMITED FOR THE YEAR ENDED 31st MARCH 2013

(` in lakhs)

Sl. No.	Particulars	HMT Machine Tools Ltd	HMT Watches Ltd	HMT Chinar Watches Ltd	HMT Bearings Ltd	HMT (International) Ltd
a)	Capital	71959.91	649.01	166.01	3770.91	72.00
b)	Reserves & Surplus	(92125.89)	(201914.79)	(48396.17)	(11439.21)	3115.73
c)	Total Assets	31326.69	6491.72	1237.06	2812.41	4155.37
d)	Total Liabilities	50720.55	157507.26	41573.36	10530.14	1471.43
e)	Investments	-	-	-	201.00	-
f)	Turnover	23623.17	1106.08	36.06	1253.64	2255.51
g)	Profit/(Loss) before Taxation	(4364.65)	(24247.29)	(5116.17)	(206.87)	685.03
h)	Provision for Taxation	-	-	-	-	236.55
i)	Profit/(Loss) after Taxation	(4364.65)	(24247.29)	(5116.17)	(206.87)	448.48
j)	Proposed Dividend (%)	Nil	Nil	Nil	Nil	20%