

HMT LIMITED

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BOARD OF DIRECTORS

Shri. S. Girish Kumar	Chairman & Managing Director (w.e.f 01.12.2013)
Shri. Harbhajan Singh	Chairman & Managing Director (upto 30.11.2013)
Shri. S. K. Bahri	Director
Shri. Rajesh Kumar Singh	Director
Shri. Antony Chacko	Director (Operations) (upto 20.05.2014)
Shri. P. Sivarami Reddy	Director (Operations & Finance) (w.e.f 26.05.2014)

CHIEF VIGILANCE OFFICER

Shri. Lakshmi Narasimha	Chief Vigilance Officer (I/C)
Smt. Indu Madhavi	Chief Vigilance Officer (upto 06.05.2014)

COMPANY SECRETARY

Shri U. Jagadish Nayak	General Manager & Company Secretary Compliance Officer (upto 19.03.2014)
Shri Subhas B. K.	Company Secretary (w.e.f. 20.06.2014)

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)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATING STATISTICS										
Sales	7971	10095	16112	20086	19164	16098	17108	22729	24833	20386
Other Income *	30518	4756	4658	5475	1078	1425	1267	11458	5621	9030
Materials	6700	5365	12118	13746	12083	10596	14064	15125	17461	14710
Employee Costs	9030	7070	7499	8371	6762	6367	6472	6106	5813	5930
Other Costs	11373	4090	2906	3140	3252	4811	4080	8351	5868	6236
Depreciation	340	355	440	387	392	340	299	321	393	416
Earnings before Interest	12016	(4135)	735	(16)	(3323)	(5664)	(4466)	3639	900	2024
Interest	1434	10403	8955	7908	1968	1234	131	(409)	(455)	174
Earnings/(Loss) before Tax	10582	(14538)	(8220)	(7924)	(5291)	(6898)	(4597)	4048	1355	1850
Taxation (net off withdrawal/refunds)	1861	-	-	-	-	181	(130)	(1382)	28	1252
Net Earnings	8721	(14538)	(8220)	(7924)	(5291)	(7079)	(4467)	5430	1327	598
FINANCIAL POSITION										
Net Fixed Assets	2831	3159	3507	3868	4028	4094	3751	3342	3437	3317
Current Assets	67742	68604	70619	65557	72668	71078	73167	112729	111417	115431
Current Liabilities & Provisions	21881	26928	25701	24309	21437	19445	19653	20914	20366	19859
Working Capital	45861	41676	44918	41248	51231	51633	53514	91815	91051	95572
Capital Employed	48692	44835	48425	45116	55259	55727	57265	95157	94488	98889
Investments	76390	76556	76556	76556	76556	76571	76571	76571	7801	4639
Miscellaneous Expenditure	-	-	-	-	-	29	197	380	3845	4594
Borrowings	11246	82349	71401	59871	62091	57312	52098	85553	92742	99637
Net Worth	113838	39043	53581	61800	69724	74986	81897	86181	8146	2492
OTHER STATISTICS										
Capital Expenditure	12	7	81	227	327	681	707	230	556	54
Internal Resources Generated	10922	(14183)	(7780)	(7537)	(4899)	(6739)	(4168)	5751	1720	1014
Working Capital Turnover Ratio	0.17	0.24	0.36	0.49	0.37	0.31	0.32	0.25	0.27	0.21
Current Ratio	3.10	2.55	2.75	2.70	3.39	3.66	3.72	5.39	5.47	5.81
Return on Capital(%)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)	(5.86)	3.84	0.93	2.28
Employees (Nos)	1434	1442	1699	1904	2088	2205	2296	2383	2429	2489
Per Capita Sales	5.56	7.00	9.48	10.55	9.18	7.30	7.45	9.54	10.22	8.19

* Includes Extra Ordinary Exceptional Items

DIRECTORS' REPORT

To
The Members,
HMT Limited
Bangalore

Dear Members,

The Board of Directors have pleasure in presenting the 61st Annual Report on the Business & Operations of your Company and the Annual Accounts for the year 2013-14 together with the Auditors' Report thereon and the Comments of the Comptroller & Auditor General (CAG) of India.

BUSINESS SCENARIO

India's economic growth rate in the current fiscal was 4.7 percent as against 4.5 percent recorded in the previous year, mainly on account of improved performance in the agriculture and allied sectors. The sub 5 percent growth of economy was primarily a result of the slowdown in industry for second year in succession that registered a growth rate 0.4 percent. Manufacturing sector witnessed contraction of 0.8 percent in 2013-14 as compared to a growth of 1.3% in the previous year. The high inflation and interest rates did not boost the consumer sentiment in the market and thus did not lead to favorable business environment during 2013-14. The domestic market suffered from weak consumer off take and poor industrial production growth.

During Fiscal 2013-14, IIP growth was (0.1) percent as compared to 1.1 percent in April- March 2012-13. Overall growth in the Index of Industrial Production (IIP) was 3.4 per cent during April 2014 as compared to 1.5 per cent in April 2013.

As per the Advance Estimates the growth in Gross Domestic Product (GDP) at factor cost is estimated at 4.9 per cent in 2013-14 with agriculture, industry and services registering growth rates of 4.6 per cent, 0.7 per cent and 6.9 per cent respectively. The GDP growth rate is placed at 4.4 per cent, 4.8 per cent and 4.7 per cent respectively for the first, second and third quarters of 2013-14.

Growth in real fixed capital formation (fixed investment) is estimated at (-) 1.2 per cent in Q1 of 2013-14 as against (-) 2.2 per cent in Q1 of 2012-13. As a ratio of GDP at current market prices, gross fixed capital formation was 28.6 per cent in Q1 of 2013-14 as against 29.9 per cent in Q1 of 2012-13. The rate of growth of private final consumption expenditure was 1.6 per cent. The growth of exports was negative.

Agriculture plays the significant role in the all-round socio economic development of the country; however, its share in GDP has been declining over the years which is 13.7 percent currently. The average annual growth rate of 3.3 percent during the 11th Five Year Plan has fallen short of the 4 percent growth target, but has been much faster than the 9th and 10th Five Year Plan annual average growth rate of 2.5 and 2.4 percent respectively. The growth target set for agriculture for the 12th Five Year Plan is 4 percent. The good monsoons in 2013 14 bode well for strong agricultural output.

The contribution of the capital goods sector for the growth of IIP has been negative during last two years. Declining trends in investment, fall in the growth of credit off take and low level of investment in R&D have contributed reduction in the growth rate of capital goods sector from the high of 48.5 per cent in 2007-08 to contraction of 4.0 per cent and 6.3 per cent in 2011-12 and 2012-13 respectively. During April-June 2013 capital goods production declined by 3.3 per cent. The only capital goods segment that has shown recovery in domestic production is the electrical machinery and apparatus segment showing robust growth of 11.9 per cent during April-June 2013.

On the Company's main business portfolio of Tractors, the market indicators reveal that the industry recorded growth of 21% in terms of quantity. After seeing volumes in both domestic and export markets shrink by as much as 3 percent in fiscal 2013-14 the domestic tractor industry witnessed strong 18 per cent growth in the last fiscal. Your Company had to face severe pressure on performance during the year due to lack of working capital. Your Company recorded a Production of ` 74.11 Crore (1546 Nos. of Tractors) as against ` 63.05 Crore (1309 Nos. of

Tractors), in the previous year, and Sales of ₹ 78.45 Crore (1488 Nos. of Tractors) compared to ₹ 99.42 Crore (2005 Nos. of Tractors) in the previous year. HMT Group along with its Subsidiaries achieved an aggregate Production of ₹ 249.41 Crore and Sales of ₹ 270.79 Crore for the year 2013-14.

Riding high on the expectations from the new Government at centre, GDP is expected to grow during 2014-15. As per farm experts Tractor Industry is also expected to witness a growth of 8-10% during 2014-15 on back of sustained agriculture demand. Tractors in higher HP segment will record good growth due to Infrastructure projects.

OPERATING RESULTS

During the year under review, the operations of your Company resulted in a negative Gross Margin of ₹ 150.36 Crore (which includes ₹ 82.75 Crore provision for Holding Company loan and investment in HMT Chinar Watches Ltd) as compared to the negative Gross Margin of ₹ 21.24 Crore in the previous year. The Operations of your Company resulted in a Profit of ₹ 105.82 Crore during the year 2013-14, as compared Loss of ₹ 145.38 Crore recorded in the previous year, which was mainly due to waiver of Interest & Guarantee Fee of ₹ 291.18 Crore as per the Revival Plan approved by GOI. The financial highlights for the year 2013-14, are as under:

FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	2013-14	2012-13
Gross Margin (PBIDT)	(150.36)	(21.24)
Depreciation & Amortization	3.40	3.55
Finance Cost	14.34	104.03
Profit/(Loss) before PPA	(168.10)	(128.82)
Add: Exceptional Items	275.00	-
Less: Prior Period Adjustments (PPA)	1.08	16.56
Net Profit/(Loss) before tax	105.82	(145.38)
Tax Provision (Net)	18.61	-
Net Profit/(Loss) after tax	87.21	(145.38)
Net Profit/(Loss) carried to Balance Sheet	87.21	(145.38)

DIVIDEND

As the Company is facing severe financial constraints, the Directors are unable to recommend any dividend on the paid up equity share capital of the Company.

FINANCIAL POSITION

The Company reported positive profit after Tax of ₹ 87.21 Crore due to exceptional items like Interest waiver & Guarantee fee waiver sanctioned as part of the Revival Plans of the Company. During the year 2013-14 the Company has reported Production of 1546 Tractors and Sales of 1488 Tractors.

FUTURE OUTLOOK

Tractor industry is expected to grow by 4-6 percent this fiscal owing to near normal monsoon and improvement in rural economy. The Auto Policy of the Government also encourages this sector favourably.

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.

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 replacement demand turning towards higher HP tractors and increased usage of tractors for non-agricultural applications across India

The Tractor Industry will continue to grow in the year 2014-15 due to thrust of the Govt. on Agriculture and infrastructure drivers remaining favourable. 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 to improve performance and fuel efficiency. Appointment of new Distributors and Dealers in potential areas/territories, up-gradation of the tractor engines to contemporary requirements, entering into MoU's with Banks/Financing Agencies for priority loan sanctions 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 the Revival and Financial Restructuring Plan for the Company (HMT Ltd) during April, 2013 as recommended by the BRPSE, which envisages financial support, waivers etc., from Government of India. Formal sanctions for Non-cash Assistance i.e., conversion of Government Loans into Equity and waiver of accumulated interest thereon received during the year.

SUBSIDIARY COMPANIES

HMT Machine Tools Limited

The Subsidiary achieved Sales of ` 159.02 Crore against ` 213.01 Crore in the previous year. Net loss reported is ` 52.66 Crore during the year 2013-14 against reported loss of ` 43.65 Cr in previous year. Capacity utilization for the year 2013-14 is 53%.

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.

BRPSE reviewed the progress of Revival Plan Implementation and recognised the need for interim measures to propel the growth of HMT Machine Tools Limited. Accordingly, the proposal forwarded to DHI was approved by CCEA during February 2014 and formal sanctions received during 2014-15. Accordingly, the implementation process has been initiated.

HMT Watches Limited

The performance of the Subsidiary showed a decline 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. The Subsidiary could achieve a Sales level of ` 7.48 Crore and Production of ` 4.70 Crore during the year under review. The Net Loss for the year stood at ` 233.08 Crore as compared to ` 242.47 Crore incurred during the previous year.

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 examination of the Government.

HMT Chinar Watches Limited

The performance of this Subsidiary could not be sustained 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 34 employees at Srinagar and Jammu Units of the Subsidiary. The Subsidiary's Sales was ` 0.39 Crore during the year compared to ` 0.32 Crore in the previous year, with NIL Production for the year. The Subsidiary incurred a Net loss of ` 50.56 Cr against ` 51.16 Crore in previous year.

HMT (International) Limited

The Subsidiary which is the export arm of the Company, achieved a turnover of ` 25.08 Crore as against ` 34.09 Crore recorded in the previous year, i.e. 2012-13 due to demand depletion. The Order procurement during the year was ` 22.23 Crore as against ` 24.10 Crore achieved in the previous year. The Subsidiary reported a Profit Before Tax (PBT) of ` 0.50 Crore as against ` 6.85 Crore reported in previous year. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 10% for the year 2013-14 on its Paid-up equity share capital

HMT Bearings Limited

During the year under review, the Subsidiary significantly improved its performance and was able to achieve a Sales

of ₹ 14.36 Crore, against the Previous Year's Sales of ₹ 10.89 Crore. In terms of Production, the Company achieved ₹ 15.04 Crore compared to the Previous Year's Production level of ₹ 11.73 Crore. The Company has incurred a net loss of ₹ 15.98 Crore as against ₹ 2.07 Crore reported during 2012-13.

The Revival Plans of this Subsidiary submitted to DHI/BRPSE was recommended by the BRPSE during its meeting held in May 2013 and is under the consideration of the 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 2013-14, this Company showed a Profit after tax of ₹ 0.93 Lakhs on account of the interest income of ₹ 3.68 Lakhs, on the fixed deposits kept with the Banks.

Gujarat State Machine Tools Corporation Ltd

This Company a Joint Venture 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 2013-14, 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, Statement of Profit and Loss, 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 of any member of the

Company. 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 RESOURCE

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 2013-14.

The employee strength of the Company as on March 31, 2014, stood at 1434 Nos. as compared to 1442 at the end of the previous year. There are 291 employees in the Officer Cadre and 1143 Non-Executive in Workmen cadre. The breakup of the number of employees on the rolls of the Company in categories like SC/ST, Ex-servicemen, Physically Handicapped and Women Employee etc. as on March 31, 2014 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 is 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. 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, 2013. Various competitions in Hindi such as Hindi Story Writing, Hindi News Paper Reading, Hindi Quiz Writing, Hindi Conversation, Hindi Antyakshari, etc., were organized and participants were awarded prizes. A workshop was organised during the above period. The Hindi Magazines/Newspapers are being procured to propagate the usage of Hindi among employees. The concerned Officials of the Company regularly take part in the meetings of the Town Official Language Implementation Committee.

VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Department of the Company. Chief Vigilance Officer is assisted at Unit level by exclusively appointed Vigilance Officers.

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

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

Apart from regular inspections by Unit Vigilance Officers, CVO conducts CTE type surprise and regular inspections of high value purchase/contracts and systems by visiting various Subsidiaries and Units.

Violations of rules and procedures observed during the inspection of files by CVO/Unit VOs were pointed out and comments of the concerned officers on the same were obtained. Wherever required, appropriate action against the concerned officers were recommended, instructions were issued to the effect that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated.

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

1. Hosting of all open tenders and high value Limited Tenders on www.tenders.gov.in (Website of GOI). All Manufacturing Units and Offices generally observed compliance.
2. Publishing details regarding all purchase orders / contracts concluded during the month and above the threshold value (presently ` 5.00 lakhs). Implemented by all Units except Food Processing Machinery Unit, Aurangabad, CSD Division, Bangalore and Corporate Office, Bangalore under HMT Limited.
3. Application form for vendor registration along with list of items required by different Units of HMT Limited and Subsidiaries are made available on Company Website so as to enable the interested vendors to download the application form and submit the same to the Unit of their choice. Efforts are being made for periodical uploading of status of every vendor application on website. Presently 5 Units have uploaded the status.
4. Efforts are being made to persuade all Unit Managements to adopt e-payment mode for remittance of all payments including supplier payments. At present the HMT MTL Kalamassery Unit has adopted e-payment mode for making all payments. In many of the Units partial payments are being done by e payment mode.

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 2013 was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

The number of inspections including surprise inspections carried out by CVO and Unit Vigilance Officers along with the number of property returns scrutinized between April 2013 to March 2014 is tabulated below :-

Inspection	Total carried out between April 2013 – March 2014 (by Unit Vigilance Officers)
Periodic Inspection of Purchase Files	1464
Surprise Inspection	306
Scrutiny of Annual Property Returns	1120

Inspections done by CVO (April 2013 to March 2014)	(i) Watch Show Room in Bangalore (HMT Bhavan) (ii) HMT Machine Tools Hyderabad Unit, Praga Tools, Hyderabad and HMT Bearings Limited, Hyderabad. (iii) HMT MTL Bangalore Complex (MBX) (iv) HMT International Limited, Bangalore. (v) All HMT Units having the facility of dedicated Residential Colony for employees are directed to verify for cases of sub-letting on the basis of inspection at Bangalore. (vi) Surprise inspection at HMT WL Watch Factory, Bangalore.
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CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on the Corporate Governance is annexed as part of this Report along with the Compliance Certificate from the Auditors. A Report on Management Discussion and Analysis is also appended to this Report separately. Further, a declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2014, 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 Section 217 (2AA) of the Companies Act, 1956 the Board of Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- accounting policies have been selected and applied consistently and the judgments and estimates made 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;
- Proper and sufficient care has been taken 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 annual accounts have been prepared 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 2013-14 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.

DIRECTORS

Vide Presidential Order No.5(8)/2010-P.E.X dated 17th December 2013 issued by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Shri Rajesh Kumar Singh, has been appointed as the Part time Official Director of the Company with immediate effect, until further orders vice Shri Harbhajan Singh.

And Vide Presidential Order No.5(8)/2010-P.E.X dated 20th May 2014 issued by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises Shri S.K Bahri, has been appointed as the Part time Official Director of the Company with immediate effect, until further orders vice Ms. Kusumjit Sidhu.

The Board of Directors had approved their appointment as Directors with effect from 17th December 2013 and 20th May 2014 in terms of Article 67(4) of the Articles of Association read with Section 262 of the Companies Act, 1956 and 161 of the Companies Act, 2013. Shri Rajesh Kumar Singh & Shri S.K Bahri, are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Sections 160 of the Companies Act, 2013, for which a notice has been received from a Member.

Shri Antony Chacko who was appointed as Director of the Company resigned from the Company and he has been relieved from services with effect from 20.05.2014.

The Government has given additional charge of the Post of Chairman & Managing Director of the Company to Shri S.Girish Kumar, Managing Director, HMT (International) Ltd. with effect from 1.12.2013 vice the then Chairman & Managing Director Shri Harbhajan Singh.

The Board of Directors had approved the appointment of Shri S.Girish Kumar as Director with effect from 1st

December, 2013 in terms of Article 67(4) of the Articles of Association read with Section 262 of the Companies Act, 1956. Shri S.Girish Kumar, is proposed for appointment as a Director in terms of Article 67(4) of the Article of Association of the Company read with Sections 160 of the Companies Act, 2013, for which a notice has been received from a Member.

ACKNOWLEDGEMENTS

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary Companies, Suppliers, Reserve Bank of India, the Consortium of Banks lead by UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

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

For and on behalf of the Board of Directors

(S. Girish Kumar)
Chairman & Managing Director

Place: Bangalore

Date: 11-08-2014

MANAGEMENT DISCUSSION & ANALYSIS

General Economic Environment:

The Indian economy registered a growth rate of 4.4 per cent in the first quarter (Q1) of 2013-14 as against 5.4 per cent in the first quarter of 2012-13. This is also the lowest growth rate since Q4 of 2008-09 when the growth rate was 3.5 per cent. The main factor behind the low growth is the near stagnant industry sector that registered a growth of 0.2 per cent in Q1 of 2013-14 over Q1 of 2012-13.

During 2013-14 Tractor Industry has again taken a big leap registering a 20% growth in domestic sales. M&M maintained their market leadership with 41% market share followed by TAFE (25%), Escorts (10.7%) and Sonalika (10.3%). Good and Timely Monsoon and continuous Govt support for rural development and Farm mechanization were the major factors for growth. There was no major shift in Export Sales. Major market share is captured by large manufacturers. HMT's market share has reduced significantly

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

Riding high on the expectations from new Govt. at centre, GDP is expected to grow during 2014-15. As per farm experts Tractor Industry is also expected to witness a growth of 8-10% during 2014-15 on back of sustained agri-demand. Tractors in higher HP segment will record good growth due to Infrastructure projects.

B) Opportunities:

- Good demand for Tractors in Indian market and abroad.
- Demand for higher HP Tractors due to infrastructure projects.
- Govt. support for rural development and farm mechanization.

- Demand for I.P engines for Gen. Set, mobile communication towers and power generation.
- Demand of PTO driven implements like Rotavator increasing.

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

FINANCIAL PERFORMANCE

The turnover for the year 2013-14 stood at ` 78.45 Cr. and the Company incurred a Net Profit after ` 87.21 Cr.

The total borrowing position of the Company as on 31.3.2014 stood at ` 98.28 Cr. which includes ` 52.56 Cr. of Government of India Loan.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are 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 a transparency in the whole spectrum of the Company.

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

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

HUMAN RESOURCES

As on 31.03.2014, the Company and its Subsidiaries had a total workforce of 5203 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below:

Company	SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.3.2014							
	IP as on 31-03-14	Engg. Graduates	Diploma Holders	Professionals HR	Professionals Finance	ITI/ NAC	General Graduates	Others
HMT Limited	1434	48	129	6	6	853	128	264
HMT MTL	2567	287	429	12	12	1095	187	545
HMT WL	1055	23	99	2	0	77	99	755
HMT CWL	34	-	1	-	-	9	1	23
HMT BLH	62	6	12	1	0	23	6	14
HMT(I) L	51	16	3	2	1	-	27	2
TOTAL	5203	380	673	23	19	2057	448	1603

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) is put into operation in HMT Watches, 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				
		2010-11	2011-12	2012-13	2013-14	Total
1.	HMT Limited	-	-	-	-	-
2.	HMT Machine Tools Ltd.	-	-	-	-	-
3.	HMT Watches Ltd.	462	124	51	-	637
4.	HMT Chinar Watches Ltd.	19	-	57	18	94
5.	HMT Bearings Ltd.	104	-	-	-	104
6.	HMT (International) Ltd.	-	-	-	-	-
	Total	585	124	108	18	835

Surplus manpower in certain areas has been deployed under re-deployment scheme by providing training and re-training to the employees and posting them at thrust areas to meet the goals of the organization. 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 attrition.

PERSONNEL AND INDUSTRIAL RELATIONS

The Personnel and Industrial Relations situation in the Company during the year remained cordial. Revision in Pay/Wages have been effected in HMT Limited and its Subsidiaries viz., HMT (International) Ltd., and HMT Machine Tools Limited with due approval from the Government of India.

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.

II BOARD OF DIRECTORS

As on March 31, 2014 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 2013-14, Six (6) Board Meetings were held on May 29, August 8, August 30, November 28, in the calendar year 2013 and January 25, and on February 11 in the calendar year 2014.

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	Committee	
					Membership	Chairmanship
S.G.Sridhar	C & MD	1	Under Suspension with effect from 15.06.2013		-	-
Harbhajan Singh	NENI and C&MD	4	Yes	7	-	-
S.Girish Kumar	C & MD	1	Yes	7	-	-
Kusumjit Sidhu	NENI	4	-	3	-	-
Antony Chacko	ENI	6	-	1	-	-

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

Brief Resume of Directors proposed for appointment and re-appointment as per Listing Agreement [(clause 49 IV(G)(i)]

CHAIRMAN & MANAGING DIRECTOR

SHRI SADASIVAN GIRISHKUMAR

Shri S.Girish Kumar, aged 53 is a B.Sc.(Engineering from the College of Engineering, Trivandrum in the year 1983, MBA from the Cochin University and Post Graduate Diploma in Computer Applications from Model Engineering College, Ernakulam.

He has worked as Lecturer for a short period in Palghat Engineering Collage and then joined HMT Ltd in the year 1984 as specialist Trainee. He served for about 21 years in the Engineering Department in the Kalamessery Unit of HMT Machine tools Ltd in Kerala. He was heading the sales

Engineering Department for 4 years at the Kalamassery. He has also looked after MIS functions during his brief stint in the Corporate Headquarters of the Company at Bangalore. And he was promoted as General Manager in HMT Machine Tools Ltd, Kalamassery Unit. Further; He was appointed as Managing Director of HMT (International) Ltd from 23rd December 2010. Shri S.Girish Kumar holds membership in Kerala Management Association, Institution of Plant Engineers and the Institution of Standard Engineers.

Shri S.Girish Kumar does not hold any shares in HMT.

PART-TIME OFFICIAL DIRECTOR

SHRI SUNIL KUMAR BAHRI

Shri Sunil Kumar Bahri, aged 58 years was inducted as Part-Time Official Director on the Board of HMT w.e.f.May 20, 2014. A post graduate [M.A. (Economics)] from the

Delhi School of Economics, Shri Bahri belongs to the 1981 batch of the Indian Audit & Accounts Service and is presently posted as the Additional Secretary and Financial Adviser in the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry. He holds additional charge of the post of AS & FA to the Ministry of Heavy Industries & Public Enterprises and Department of Public Enterprises. He is a part time official Director on the Boards of BHEL and HEC and is a Government nominee on the Governing Councils of National Productivity Council, National Institute of Design, Central Manufacturing Technology Institute and the National Automotive Testing R&D Infrastructure Project. As a member of the DMIC Trust, he is closely involved with overseeing the projects under the Delhi Mumbai Industrial Corridor.

He has over 33 years of varied experience in public financial management and auditing at both the Union & State levels. His core competencies include strategic planning, human resource management, performance audits and evaluation of e-Governance applications. He has served as Accountant General Assam and headed the Indirect Taxes, International Relations and the IT Audit functions in the office of the Comptroller & Auditor General of India. He also headed the Secretariat of the National Knowledge Commission. He has earlier served in the Embassy of India, Washington and also as Director General of the International Centre for Information Systems and Audit (ICISA) Noida. He was Principal Accountant General, Rajasthan before assuming his current responsibility.

Shri Bahri does not hold any shares in HMT.

PART-TIME OFFICIAL DIRECTOR

SHRI RAJESH KUMAR SINGH

Shri R K Singh – aged 46 years, an IAS officer of 1991 batch of Uttar Pradesh Cadre, was inducted as Part-Time Official Director on the Board of HMT with effect from 17.12.2013. He holds qualification of B. Tech in Thermal Science and has rich experience of about 21 years in Department of Land Revenue Management & District, Environment & Forests, Youth affairs & sports, Urban

Development, Labour & Employment, Human Resource Development, and Agriculture & Cooperation, and in Heavy Industries. He has very rich and comprehensive experience in the field of various developments and management projects.

Before joining SIL he has worked with CADRE and held so many designation in the same Organization as SDO, Assistant Commissioner, Deputy Secretary, Joint Secretary, Special Secretary, District Magistrate, Collector & D M, and Director and now presently he is on Central Deputation as Joint Secretary in Ministry of Heavy Industries. He is on Board of several PSU's including Instrumentation Limited, Bharat Bhari Udyog Nigam Limited, Engineers Projects (India) Limited, Richardson & Cruddas (1972) Limited, Tungbhadra Steel Products Limited.

Shri Rajesh Kumar Singh does not hold any shares in HMT

DIRECTOR (OPERATIONS & FINANCE)

SHRI P.SIVARAMI REDDY

Shri P.Sivarami Reddy aged 56 years was inducted as Director (Operations & Finance) on the Board of HMT with effect from 26.05.2014. A Mechanical Engineer graduate with Master in Business Administration in Marketing Management has served in various capacities for nearly 3 decades in different Units of HMT Group. Before joining HMT he worked in two private companies in Hyderabad from 1980 to 1983.

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

III COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

In view of the cessation of the Independent Directors and non induction of new incumbents to these positions, the Audit Committee could not be duly reconstituted as per the requirement of the Listing Agreement (Clause 49). 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	1,85.654	37,600	2,23,254
Antony Chacko, DOP	15,61,735	4,58,822	20,20,557

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 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 2013-14.

Name of the Compliance Officer:

Shri U. Jagadish Nayak,
General Manager & Company Secretary (Upto 19.03.2014)

Shri Subash B.K,
Company Secretary (w.e.f 20.06.2014)

D. THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

During the year ended March 31, 2014 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
2010-2011	30.09.2011	10.30 a.m	Registered Office at No. 59, Bellary Road, Bangalore-560 032.
2011-2012	28.09.2012	10.30 a.m	
2012-2013	13.12.2013	10.30 a.m	

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.

VI ALLOTMENT OF SHARES

The Ministry has conveyed the sanction of the President for the conversion of Loan amount of ` 443.74 Crore received by the Company upto 18.04.2013 under the revival plans of the Company into equity. Accordingly, the Board of Directors of the Company at its meeting held on May 7, 2014 have approved the proposal for issue and allotment of 44,37,41,500 Equity shares of ` 10/- each at par in favour of President of India in respect of Conversion of GOI loan into equity.

VII 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.

VIII 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.

IX MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express and Vijaya Karnataka on August 23, 2013, November 28, 2013, and February 11, 2014. 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.

X 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 2013-14 has been obtained and was placed before the Board.

XI GENERAL SHAREHOLDERS INFORMATION (Tentative)

- | | | |
|------|-------------------------------|--|
| i) | Annual General Meeting | September 30, 2014
10.30 A.M at
No.59, Bellary Road
Bangalore - 560 032 |
| ii) | Financial Calendar | Year ending March 31
AGM in September |
| iii) | Book Closure | September, 2014 to
September, 2014
(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 | M/s. Karvy |
| | Transfer Agents | 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 2013	39.45	25.65	39.90	25.50
May	38.10	28.85	38.10	28.60
June	35.80	26.30	35.80	26.20
July	31.50	23.60	30.95	23.60
August	25.80	20.70	25.90	20.25
September	29.30	21.30	29.40	21.20
October	32.00	24.60	31.75	24.20
November	31.30	26.75	31.30	26.70
December	31.40	27.20	31.30	27.30
January 2014	30.60	25.50	30.50	25.50
February	32.30	24.65	32.35	24.55
March	33.40	27.30	33.55	27.20

XII) Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2014 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	21124	89.13	28885690.00	0.38
5,001 - 10,000	1473	6.22	12289830.00	0.16
10,001 - 20,000	584	2.46	8936150.00	0.12
20,001 - 30,000	213	0.90	5429110.00	0.07
30,001 - 40,000	83	0.35	3031200.00	0.04
40,001 - 50,000	67	0.28	3192840.00	0.04
50,001 - 1,00,000	93	0.39	6646760.00	0.09
1,00,001 & Above	62	0.26	7535089820.00	99.10
TOTAL	23699	100.00	7603501400.00	100.00

XIII) Shareholding Pattern: as on 31/03/2014

Shareholders	No. of Shares	%
Indian Promoters (President of India and his nominees)	684315126	90.00
Foreign Institutional Investors	5265	00.00
Financial Institutions/Banks	285355	0.04
Mutual Funds	19000	0.00
Bodies Corporate	69055659	9.08
Non Resident Indians	64801	0.01
Resident individuals	6483982	0.85
Clearing Members	120952	0.02
Total	76,03,50,140	100.00

XIV) Dematerialisation of Shares:

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. As on 31st March 2014, 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 1,32,539 shares were in the physical form.

XVI) Address for correspondence:

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

XV) 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, Chikalthana 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 resulted in annual saving of 2,04,000 kwh of electricity i.e. approximately ₹ 17.34 lakhs for the year 2013-14.
- By lowering down the heights of tube light fittings in production shops the number of tube light fittings have been reduced from 1300 to 620, resulting in net annual saving of 16320 kwh, i.e. ₹ 13.87 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.

2. Technology absorption:

Technology enhancement /absorption in Tractor division is as under :

- Adoption of out sourced lift for 25-50 HP portal Tractors for reducing the no of components.
- Adoption of 7511 square bonnet in 6522 Tractor for better servicing and engine cooling.
- Integral bonnet for 5022 Tractor for easy assembly and servicing.

R&D Expenditure during 2013-14 stands at ₹ 230 lakhs.

3. Segment wise / Product wise performance:

HP Segment	2013-14	2012-13
21-30	125	239
31-40	921	1310
41-50	241	265
Above 50	201	191

4. Performance Highlights for the year 2012-13

Operations:

- Introduction of Oil Immersed Brake (OIB) on 3522 CS, 3522 DX and 4022 Tractor model.
- Technical specifications of Rubber components revised as per the recommendation of Indian Rubber Manufacturer Research association (IRMRA) in order to improve quality of Rubber Components.
- Six No. of New/alternate sources developed during the year 2013-14.

Technology Up gradation:

- Engine up-gradation - Acceptance Trials of 1st batch of Proto. Engines (Phase-I) completed, In 2nd batch acceptance received for 37, 40 and 45 HP Engines from ARAI, Pune. 27 HP Engine is under trial.
- Development of 25KVA silent DG Set as per new CPCB is being done by ARAI

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	2013-14	2012-13	2011-12
Capital	Nil	Nil	120
Recurring	231	157	188
Total	231	157	308
Total R&D Expenditure as % of Turnover 2.94%			

5. PLAN FOR 2014-15:

- Development of phase – I (27, 37, 40 and 45 HP) and phase – II (55, 65 and 75 HP) Engines.
- Completion of development of HMT 25 KVA DG set as per present CPCB emission norms and launching of the same.
- Design and development of side gear shifting arrangement with synchromesh gear drive for 50,65 and 75 HP Tractors.
- Boosting sale through Distributors – 5 nos. new distributors will be appointed.
- Dealers' network would be further extended by appointing 30 nos. new dealers.
- Financial tie up with commercial banks for retail finance of Tractors.
- Participation in 13 nos. Agri. Fairs, Organizing 29 nos. sales campaigns and 72 no. free service camps and 40 other activities – Total 154 such activities planned during 2014-15.
- Marketing Team to be strengthened by appointing young contractual manpower.
- Rationalization of Product Mix–Reduction in number of Tractor variant models.
- “B” Shift operation in critical areas i.e., LMS, HMS and Engine Shop and three shift operation in Foundry and heat Treatment.
- Engagement of skilled manpower in some areas on contract basis for maximum utilization of Plant / Production Capacity.
- Emphasis on Preventive Maintenance and Spares Management for Plant & Machinery to minimize breakdowns and Production Loss.
- Focus on Critical Tools, Jigs & Fixtures for smooth flow of In-House Manufactured components (HOM).
- Partial out sourcing of Heat Treatment operations due to limitation of SQF.
- Training of 200 employees in various areas like Productivity Improvement, Total Quality Management, Safety, Employee Development, Vigilance awareness etc
- Obtaining ISO 14001-2004 certification during 2014-15.

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 2014, 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 : 23-06-2014

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, 2014.

(S. Girish Kumar)
Chairman & Managing Director

Place: Bangalore
Date: 20-06-2014

CEO & CFO CERTIFICATION

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

- a) We have reviewed the financial statements and the cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors that there is No :
 - I. significant changes in internal control over financial reporting during the year;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For HMT Limited

Bangalore

P.Sivarami Reddy
DFN/CFO

S.Girish Kumar
CMD/CEO

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 2014**, 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-Pinjore, Food Processing Machinery Division-Aurangabad and Common Services Division-Bangalore audited by Branch Auditors appointed under Sec.619(2) of the Companies Act, 1956, has been forwarded to us as required by Section 228 (3) (C) and have been dealt with in preparing our report in the manner considered necessary by us.

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 notified under the Companies Act, 1956 read with the General Circular 15/2003 dt.13.09.2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. 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 of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

Opinion

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, 2014;
- (b) In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

1. The company has not re-constituted the Audit Committee as required under Section 292A of The Companies Act, 1956, since appointment of Independent Directors by the Government of India is pending, as explained to us.
2. Being a Government Company provision of Sec 274(1) (g) 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.
3. 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.
4. The Company has sought confirmation of most of the trade receivables, Advances & trade payables. Balances thereon are subject to confirmations & reconciliations in case of differences, if any. (Ref Note No.11 of the Additional information to the Balance Sheet-B18). However, the Company has made provision of (a) ` 43.53 crores towards trade receivables, (b) ` 51.87 Crores towards interest on trade receivables and (c) ` 1.13 crores towards advances, in the books of accounts of the Company as on 31.03.2014.
5. The Company had sold certain lands vested with HMT Machine Tools Limited, a subsidiary company, during the years 2002-03 and 2003-04, 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.
6. During the year the Company has made provision of ` 1.66 Crores towards loss in value of investment made in HMT Chinar Watches Limited, the Subsidiary Company, and ` 81.09 Crores towards loans given to the above Subsidiary as on 31.03.2014, which were included under the head 'Other Expenses'.
7. The Branch Auditor of Tractor Division, Pinjore, has observed the following on the accounts of Tractor Division, Pinjore:
 - a) Miscellaneous Income includes interest of ` 64.96 lakhs accounted for @14% on due basis on account of loan given to M/s.HMT Watches Limited (Watch Marketing Division).
 - b) During the year 2013-14, total Cess amounting to ` 15,360/- in respect of sale / transfer of 30 tractor made during the month of April to September, 2013 at Hyderabad Unit has been adjusted against excise duty on dummy production / sale of 30 tractors made during the year 2012-13 which in our opinion should have been paid.
 - c) During the previous financial year 2012-13, sale reversal of ` 6562.69 lacs was done due to dummy / excess sale booking on which sales tax of ` 40.45 Lacs was reversed during 2012-13 which has been shown under short term loan and advances as on 31.03.2013. However, during the current year 2013-14 the Company has created an additional sales tax

- liability of ₹ 64.75 Lacs through Prior Period adjustment account and the same has been adjusted against ₹ 40.45 lacs.
- d) The quantitative figures in Main Store ledger have not been fully reconciled with reference to Production of 1546 tractors during the year 2013-14.
- e) The Sales Tax Return of Pinjore Unit is subject to reconciliation with the books of accounts.
- f) During the year a sum of ₹ 236.78 lacs has been debited to Statement of Profit and Loss Account under head "Bad Debts / Advances written off" under Note No.30 – Other Expenses, which pertains to Interest reversal of dealers for the FY 2011-12 and FY 2012-13 have been relied upon the basis of certificate received from Management of the Company.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
- (c) 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);
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

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 Section 227 (4A) 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:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

(CA. G. S. Krishna Murthy)
Partner (M.No. 013841)

Place: Bangalore
Date: 23rd June, 2014

ANNEXURE REFERRED TO IN PARA 1 - (REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS) - 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. In respect of Tractor Division-Pinjore the fixed asset registers are showing negative values.
 - (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 the 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 by the management, which reported to be not material, same have been properly dealt with in the books of account of the company.
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 except at Tractor Division, wherein the branch auditor has expressed that there does not exist adequate internal control systems commensurate with the size of the Unit.

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, 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, the branch auditor has expressed the internal audit system is not satisfactory and hence 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, Pinjore and Food Processing Machinery Division, Aurangabad. The respective 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 concerned 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, , Service Tax, Custom Duty, Excise Duty, Cess and any other Statutory dues with the appropriate authorities. The outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable by Tractor Division, Pinjore, are furnished below:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (`)	Period to which amount related	Amount remitted on
1	Pinjore Sales Tax	Sales / Vat Tax	24,30,427	2012-13	
2	CPF	P F	1,55,45,249	April to Aug 2013	03.03.14
3	EPF	P F	1,89,03,767	April to Aug 2013	03.03.14
4	EPS	P F	7,56,318	April to Aug 2013	04.03.14

- b) According to the information & explanations given to us, the dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Customs Duty / Excise Duty / Cess have not been deposited on account of any disputes are mentioned below:

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	105.33	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	227.73	2001-02 to 2005-06	- do -	Punjab & Haryana High Court
	TOTAL	447.71			

10. The company has accumulated losses more than 50% of its net worth as at the end of the financial year. The company has no cash losses in the current year and but has cash loss in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the Company has no defaults in repayment of dues to financial institution or bank or debenture holders as at the end of the year.
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.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the relative reporting requirements are not applicable.
14. The Company is not dealing or Trading in shares, Securities, Debentures or other investments. Therefore the relative reporting requirements are not applicable.
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.
16. According to the information and explanation given to us, the Company has not availed any term loans during the year.
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.

18. During the year, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under sec 301 of the Act. Hence, the relative reporting requirements are not applicable. no cases of fraud on or by the Company were noticed or reported.
19. The clause is not applicable since there are no debentures/bonds at the end of the year. For M/s. S R R K SHARMA ASSOCIATES
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)
20. The Company has not raised money from the public issues during the year, hence the relative reporting requirements are not applicable. (CA. G. S. Krishna Murthy)
Partner (M.No. 013841)
21. In our opinion and according to the information and explanation given to us, during the period under audit, Place: Bangalore
Date: 23rd June, 2014

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 2014.

The preparation of financial statements of HMT Limited, Bangalore for the year ended on 31 March 2014 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 Standards on Auditing 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 23 June 2014.

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 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory 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**



**(Arabinda Das)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board
Hyderabad**

Place : Hyderabad

Date : 20 August 2014

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 incidence.

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

BALANCE SHEET AS AT 31ST MARCH 2014

(` in lakhs)

Particulars	Note No.	As at 31-03-2014	As at 31-03-2013
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	B1	142035.01	76035.01
(b) Reserves and Surplus	B2	(72571.47)	(81292.06)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	B3	44374.15	44300.00
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	B4	4847.50	47462.35
(b) Long-term Provisions	B5	6048.73	3405.52
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	B6	3584.93	5757.16
(b) Trade Payables	B7	3484.68	3933.40
(c) Other Current Liabilities	B8	11309.54	45619.50
(d) Short-term Provisions	B9	3850.74	3098.85
TOTAL		146963.81	148319.73
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	B10	2810.92	3136.15
(ii) Intangible Assets	B10	20.56	23.32
(b) Non-current Investments	B11	76389.86	76555.87
(c) Long Term Loans & Advances	B12	322.61	92.02
2 CURRENT ASSETS			
(a) Inventories	B13	4343.01	3298.92
(b) Trade Receivables	B14	3096.26	3529.72
(c) Cash and Cash Equivalents	B15	4373.51	452.82
(d) Short-term Loans and Advances	B16	54517.99	60109.94
(e) Other Current Assets	B17	1089.09	1120.97
TOTAL		146963.81	148319.73

See accompanying notes to the financial statements.

Additional Information to Balance Sheet

Accounting Policies form part of the Accounts

B18

For and on behalf of the Board

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

S. Girish Kumar
 Chairman & Managing Director

Rajesh Kumar Singh
 Director

(CA. G.S.Krishna Murthy)
 Partner (M.No. 013841)

 Place : New Delhi
 Date : 20-06-2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(` in lakhs)

Particulars	Note No.	Year ended 31-03-2014	Year ended 31-03-2013
REVENUE			
I Gross Revenue from Operations	P1	7970.58	10095.10
Less: Excise Duty		126.23	152.88
Net Revenue from Operations		7844.35	9942.22
II Other Income	P3	3018.38	4756.07
III Total Revenue (I + II)		10862.73	14698.29
IV EXPENSES			
Cost of Materials Consumed	P4	6314.12	4898.49
Purchase of Stock in Trade	P5	385.50	466.95
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	P6	(877.32)	2225.77
Employee Benefits Expense	P7	9029.89	7069.56
Depreciation & Amortisation	P8	340.16	354.76
Other Expenses	P9	11138.52	2281.79
Finance Costs	P10	1433.69	10403.07
Less: Jobs done for Internal use	P2	(91.85)	(120.18)
Total Expenses		27672.71	27580.21
V Profit / (Loss) Before Exceptional, Extrordinary items, Adjustment for Prior Period Items and Tax (III - IV)		(16809.98)	(12881.92)
VI Add : Exceptional Items	P11	27500.23	-
VII Less : Prior Period Adjustments	P12	108.21	1655.74
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		10582.04	(14537.66)
IX Extra ordinary Items		-	-
X Profit / (Loss) Before Tax (VIII - IX)		10582.04	(14537.66)
XI Tax Expense - Minimum Alternative Tax		1861.45	-
XII Profit / (Loss) for the Period (X - XI)		8720.59	(14537.66)
XIII Earnings Per Equity Share:			
Basic / Diluted Earnings per share of ` 10/- each (in Rupees)		1.15	(1.91)
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	P13		

For and on behalf of the Board

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

S. Girish Kumar
 Chairman & Managing Director

Rajesh Kumar Singh
 Director

(CA. G.S.Krishna Murthy)
 Partner (M.No. 013841)

 Place : New Delhi
 Date : 20-06-2014

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B1	SHARE CAPITAL		
	AUTHORISED		
	123,00,00,000 (<i>Previous year 100,00,00,000</i>) Equity Shares of ` 10/- each	123000.00	100000.00
	8,70,00,000 (<i>Previous year 4,50,00,000</i>) Preference Shares of ` 100/- each	87000.00	45000.00
		210000.00	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
	68,43,15,126 i.e., 90% (<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		
	4,43,00,000(<i>Previous year nil</i>) 3.5% Redeemable Preference Shares of ` 100/- each Entire 3.5% Redeemable Preference Share Capital is held by President of India	44300.00	-
	2,17,00,000(<i>Previous year nil</i>) 8% Redeemable Preference Shares of ` 100/- each Entire 8% Redeemable Preference Share Capital is held by President of India	21700.00	-
		142035.01	76035.01
B2	RESERVES AND SURPLUS		
	Particulars	As at 01-04-2013	As at 31-03-2014
	General Reserve	13453.11	13453.11
	Balance in Statement of Profit & Loss	(94745.17)	(86024.58)
		(81292.06)	(72571.47)
B3	SHARE APPLICATION MONEY PENDING ALLOTMENT		
	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
	Towards Conversion of GOI Loans into Equity Share Capital under Revival Plan of HMT Limited, approved by Govt. of India. (Share Deposit)	44374.15	-
		44374.15	44300.00

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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
	Amount of continuing default ` Nil (<i>Previous year ` 5800.00 lakhs</i>)	-	5800.00
	UNSECURED		
	Loans from Government of India with interest @ 7% to 15.5%, repayable in 1-5 equal annual installments from the date of drawal of loan	3861.00	41662.35
	Amount of continuing default ` Nil (<i>Previous year ` 27046.75 lakhs</i>) and the earliest date of continuing default in previous year 07-04-2005		
	Loans from Bank with interest @ 11.5% p.a upto 31.5.2013 and 15% p.a. till the date of settlement	986.50	-
	Amount of continuing default Nil	4847.50	41662.35
		4847.50	47462.35
B5	LONG TERM PROVISIONS		
	Gratuity	5190.04	2896.82
	Earned Leave Encashment	587.44	345.97
	Settlement Allowance	271.25	162.73
		6048.73	3405.52
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.	3154.93	3327.16
	Amount of default ` 330.39 lakhs (<i>Previous year ` Nil</i>)		
	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
		3154.93	5327.16
	UNSECURED		
	Loans from a Subsidiary	430.00	430.00
		3584.93	5757.16

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B7	TRADE PAYABLES		
	Acceptances	115.90	157.83
	Dues towards Goods purchased	2972.04	3281.74
	Dues to Micro & Small Enterprises	396.74	493.83
		3484.68	3933.40
B8	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	1395.00	2711.80
	Interest accrued and due on borrowings		
	3 Year HMT Bonds 2001	-	1713.65
	Loans from Government of India	-	24698.27
	Short Term loan from Bank	-	5.31
	Loans from Bank	1418.10	-
	Interest accrued but not due on borrowings		
	Government of India Loan	144.64	3996.97
	Dues to Subsidiary companies		
	HMT Chinar Watches Ltd	0.09	-
	HMT Bearings Ltd	-	129.21
	Advance received against sales	393.61	523.86
	Sundry Creditors - other dues	3906.52	2453.82
	Other liabilities	4051.58	9386.61
		11309.54	45619.50
B9	SHORT TERM PROVISIONS		
	Gratuity	-	1038.93
	Leave Encashment	167.13	201.26
	Settlement Allowance	46.76	61.44
	Contingencies	320.60	353.58
	Warranty	32.61	10.38
	Provision for MAT	1861.45	-
	Others	1422.19	1433.26
		3850.74	3098.85

NOTES FORMING PART OF BALANCE SHEET

B10 FIXED ASSETS

(` in lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 01-04-2013	Additions	Deductions/ Adjustments	Balance as at 31-03-2014	Balance as at 01-04-2013	Deductions/ Adjustments	Depreciation during the year	Balance as at 31-03-2014	Balance as at 31-03-2014	Balance as at 01-04-2014
I Tangible Assets										
Land & Land Development	180.80	0.09		180.89	-			-	180.89	180.80
Land-Leasehold	17.09			17.09	9.20		0.13	9.33	7.76	7.89
Buildings	2133.42	1.72		2135.14	1253.13		33.85	1286.98	848.16	880.29
Plant and Machinery	10967.32	8.07		10975.39	8935.11		295.25	9230.36	1745.03	2032.21
Furniture, Fittings & Office Appliances	457.63	2.29	0.02	459.90	427.31	0.02	6.00	433.29	26.61	30.32
Transport Vehicles	153.24			153.24	148.60		2.17	150.77	2.47	4.64
II Intangible Assets										
Design & Prototype	27.58			27.58	4.26		2.76	7.02	20.56	23.32
Total	13937.08	12.17	0.02	13949.23	10777.61	0.02	340.16	11117.75	2831.48	3159.47
Previous Year	13977.89	7.49	48.30	13937.08	10471.19	48.34	354.76	10777.61	3159.47	

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

LAND

- 1 The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 822.67 acres, 30 acres and 660.75 acres respectively, nominally valued at ` 1/- each. The mutation of Title of land in the name of the Company is yet to be done.
- 2 The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- 3 In respect of lands at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to AP Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Andhra Pradesh. No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Andhra Pradesh, in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- 4 In respect of lands at Pinjore, Haryana, the 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.

OTHERS

- 5 In one of the units, some of the assets grouped under Plant & Machinery with WDV Rs. 23/-, Furniture, Fixtures & Office Applicances with WDV Rs. 22/- were burnt during fire and transport vehicle with WDV Re. 1/-was lost due to theft, to be written off.

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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
	HMT Chinar Watches Ltd. Jammu	166.01	-
		358.40	192.39
		76389.86	76555.87

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B12	LONG TERM LOANS AND ADVANCES		
	Capital Advance	322.61	92.02
		<u>322.61</u>	<u>92.02</u>
B13	INVENTORIES*		
	Raw Materials and components	1170.51	976.73
	Material and components in transit	18.32	25.01
	Work-in-progress	1818.88	1133.34
	Finished goods	1101.88	916.65
	Stock in Trade	382.14	385.57
	Stores and spares	68.48	46.12
	Tools and instruments	289.27	308.84
	Scrap	31.74	21.76
		<u>4881.22</u>	<u>3814.02</u>
	Less: Provision for Non-moving Inventories	538.21	515.10
		<u>4343.01</u>	<u>3298.92</u>
	* Includes stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / at site	8.56	8.42
B14	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period less than six months from the date they are due for payment:		
	- Considered good	862.00	1781.95
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	- Considered good	2234.26	1747.77
	- Considered doubtful	4353.33	4134.39
		<u>7449.59</u>	<u>7664.11</u>
	Less: Provision for doubtful debts	4353.33	4134.39
		<u>3096.26</u>	<u>3529.72</u>
	*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	3.57	4.98
	Balance with Banks in Current account	2793.50	59.74
	Balance with Banks in Deposit account	1576.44	388.10
		<u>4373.51</u>	<u>452.82</u>

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B16	SHORT TERM LOANS AND ADVANCES*		
	SECURED, CONSIDERED GOOD:		
	Advances	0.46	0.82
		0.46	0.82
	UNSECURED		
	Loans to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	1115.41	1082.14
	HMT Watches Ltd	48161.62	46906.84
	HMT Chinar Watches Ltd	-	7937.00
	Considered Doubtful		
	HMT Chinar Watches Ltd	8108.91	-
		57385.94	55925.98
	Less : Provision for doubtful loans	8108.91	-
		49277.03	55925.98
	Advances to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	575.63	345.62
	HMT Watches Ltd	2368.53	2296.49
	HMT Chinar Watches Ltd	-	0.30
	HMT Bearings Ltd	89.36	-
	HMT (International) Ltd	34.06	16.87
		3067.58	2659.28
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	UNSECURED		
	Considered Good	1996.07	1319.69
	Considered Doubtful	113.38	112.53
		2109.45	1432.22
	Less:Provision for doubtful advances	113.38	112.53
		1996.07	1319.69
	OTHER ADVANCES		
	UNSECURED CONSIDERED GOOD		
	Balance with Collectors of Customs, Central Excise, etc.,	5.90	10.55
	Deposits	150.06	186.73
	TDS Receivable	20.89	6.89
		176.85	204.17
		54517.99	60109.94
	*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	85.17	96.24
	Interest on Trade Receivable	6190.76	6129.12
	Less: Provision for interest on Trade Receivable	5186.84	5104.39
		1003.92	1024.73
		1089.09	1120.97

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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	217.50	271.87
	B. Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	10.04	14.72
	C. Others		
	Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	179.42	434.64
1.2	Guarantees/Counter Guarantees issued	-	-
1.3	Additional Bonus, if any, for the year 1985-86	-	1.39
1.4	Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
1.5	Non receipt of related Forms against levy of concessional Sales Tax	940.93	1021.93
	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	-	-
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

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
4	Preference Share Capital The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of ` 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable properties of HMT-MTL. Since the title deeds in respect of the identified immovable properties are not mutated in the name of the HMT-MTL, the sale of these properties have been approved by the Government as part of the Revival Plans of the Company (HMT Ltd) The Preference Share Capital will be redeemed upon sale of immovable property.		
5	Loan from Bank The Company had availed Loan from Dena Bank and the same has been settled under one time settlement (OTS) for Rs. 98650000/- by sale of Land to the Bank during the year 2003-04. However, the sale could not be completed due to certain issues in registering the sale of the land. In view of this, the Bank approached the Hon'ble sole arbitrator in the permanent Machinery of arbitration (PMA) set up by GOI in the DPE. As stipulated in the award of PMA dated 29-10-2013, the Company is liable to pay simple interest on the Loan amount @ 11.50% p.a. from 1.1.2002 to 31.5.2013 and @ 15% p.a. from 1.6.2013, till the date of settlement. Accordingly, the Bonds of Directors of the Company have approved for reinstatement of Land at original cost in the books of the company, reversal of the income accounted during the year 2003-04 and also reinstatement of loan to the extent of Rs. 98650000/- originally due to Dena Bank.		
6	Deferred Tax 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	10.65	10.76
8	Advances include 8.1 Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	0.12	16.37

NOTES FORMING PART OF BALANCE SHEET

(` in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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	909.73	913.65
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	396.74	493.83
	(ii) Interest due thereon	348.58	304.63
	(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		
	2013-14	45.05	-
	2012-13	83.43	83.42
	2011-12	72.58	72.59
	2010-11	60.40	60.38
	2009-10	55.24	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	The GOI has accorded approval for Revival for Restucturing plan of the Company on 18th April 2013 and the company has received funds of ` 21700 lakhs by way of 8% preference share capital and ` 1146.00 lakhs by way of 7% bridge loan during the year 2013-14. As per the approved plan GOI has converted ` 44374.15 lakhs of GOI loans into equity and waiver of interest on GOI loans of ` 20187.24 lakhs upto 31.3.2012 and Guarantee fee of ` 375.92 lakhs. Further, interest beyond 31.3.2012 is also waived off. The waivers have been considered as exceptional Items in the statement of profit and loss during the year 2013-14.		
13	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

(` in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P1	GROSS REVENUE FROM OPERATIONS*		
	Tractors	6241.07	8128.67
	Food Processing Machinery	738.00	838.93
	Accessories	169.73	167.02
	Sundry jobs and miscellaneous sales	813.37	952.12
	Packing / Forwarding charges	8.41	8.36
		7970.58	10095.10
	* Nett of Trade Discount		
P2	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	91.85	120.18
		91.85	120.18
P3	OTHER INCOME		
	Servicing income	4.41	2.14
	Recoveries from Staff/Others	133.58	201.43
	Royalties from Subsidiaries	2.25	16.81
	from Others	-	-
	Rent received	437.25	322.00
	Profit on sale of assets	0.02	13.85
	Interest Income		
	On Bank Deposits	159.93	6.84
	Interest from subsidiaries on HC Loans	1463.96	2960.80
	Interest from Dealers/Others	271.53	480.57
	Dividend from Subsidiaries	14.40	14.40
	Provisions no longer required withdrawn	165.35	414.07
	Grant received from GOI	17.09	-
	Miscellaneous Income	348.61	323.16
		3018.38	4756.07
P4	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	976.73	992.92
	Purchases	6127.49	6131.22
		7104.22	7124.14
	Less: Closing Stock	1170.51	976.73
	Less: Prior period consumption	-	1655.92
	Cost of Materials Consumed	5933.71	4491.49
	Consumption of Stores, Spares, Tools & Pkg.Matls.*	380.41	407.00
		6314.12	4898.49

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
	* Includes Stores and Spare parts for: Repairs to Machinery	2.60	1.98
P5	PURCHASES OF STOCK IN TRADE Purchases of Tractor Spares	385.50	466.95
P6	CHANGES IN INVENTORIES OF WIP, FINISHED GOODS, SIT & SCRAP		
	WORK IN PROGRESS		
	Closing Balance	1818.88	1133.34
	Opening Balance	1133.34	917.93
		<u>(685.54)</u>	<u>(215.41)</u>
	FINISHED GOODS		
	Closing Balance	1101.88	916.65
	Opening Balance	916.65	3354.30
		<u>(185.23)</u>	<u>(2437.65)</u>
	STOCK IN TRADE		
	Closing Balance	382.14	385.57
	Opening Balance	385.57	387.41
		<u>3.43</u>	<u>1.84</u>
	SCRAP		
	Closing Balance	31.74	21.76
	Opening Balance	21.76	23.45
		<u>(9.98)</u>	<u>1.69</u>
		<u>(877.32)</u>	<u>2225.77</u>
P7	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	6045.44	5023.77
	House Rent Allowance	205.34	145.63
	Gratuity	1315.07	646.33
	Contribution to PF & FPS	669.87	518.69
	Deposit Linked Insurance	11.13	12.54
	Contribution to ESI	0.94	1.72
	Welfare Expenses	782.10	720.88
		<u>9029.89</u>	<u>7069.56</u>
	* Includes		
	- Wages for repairs to machinery	266.14	194.42
	- Payments relating to Directors (including Chairman & Managing Director)		
	Salaries	17.47	17.13
	Provident Fund	1.44	0.83
	Gratuity	2.92	1.53
	Medical	0.61	0.17

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P8	DEPRECIATION AND AMORTISATION		
	Depreciation	337.40	352.00
	Amortisation of Intangible Assets	2.76	2.76
		340.16	354.76
P9	OTHER EXPENSES		
	Power and Fuel	477.78	440.08
	Rent	29.63	29.96
	Rates and Taxes	230.61	75.55
	Excise Duty	2.34	2.32
	Insurance	23.61	23.61
	Water and Electricity	368.12	311.35
	Repairs to building	19.40	22.18
	Repairs to machinery	16.46	11.20
	Printing and Stationery	21.94	25.09
	Rebate on Sales	129.85	185.46
	Advertisement and Publicity	34.91	52.72
	Auditors Remuneration #	4.45	3.62
	Provision for loss in value of investment	166.01	-
	Provision for Doubtful Debts, Loans and Advances	8544.51	352.06
	Provision for Non Moving Inventories	49.10	33.98
	Warranty claims	46.90	20.00
	Loss sustained by PF Trust	1.50	1.00
	Amortisation of Special Tools	102.96	111.70
	Bad Debts / Advances written off	236.78	64.78
	Carriage outwards	194.12	258.84
	Travelling Expenses	113.45	141.38
	Miscellaneous Expenses	532.15	500.06
	Less: Recovery of Common Expenses from Subsidiary Companies	(207.96)	(385.15)
		11138.52	2281.79
	# As Auditor	2.20	1.72
	For taxation matters	0.29	0.28
	For other services	0.23	0.23
	Reimbursement of expenses	1.12	0.80
	Service tax	0.18	0.16
	Cost Audit Fee & expenses	0.43	0.43

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P10	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	144.64	8554.14
	Cash Credit loans from Banks	402.09	459.65
	HMT Bonds	316.40	646.65
	Inter Corporate Loan	43.00	43.00
	Short Term Loan from Bank	167.88	284.26
	Others	297.11	349.54
	Other Borrowing Cost		
	Finance Charges	14.42	8.06
	Bank / Discounting Charges	48.15	57.77
		1433.69	10403.07
P11	EXCEPTIONAL ITEMS		
	Income		
	Interest waiver on GOI loans upto 31.3.2012	20187.24	
	Withdrawal of Interest on GOI loans 2012-13	8554.14	
	Interest waiver under one time settlement	975.40	
	Guarantee fee waiver	375.92	
		30092.70	
	Less : Expenses		
	Reversal of Income on land sale reversal	986.41	
	Interest on loan from Bank	1418.10	
	Guarantee fee expenses	187.96	
		2592.47	
		27500.23	-
12	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	0.18	1655.92
	Employee Benefit expenses	3.41	
	Other Expenses	104.62	0.11
	Other Income		(0.29)
	Sales reversal		1246.09
	Sales related expenditure		41.86
			1,287.95
	Sales		(1246.09)
	Reversal of sales related expenditure		(41.86)
			(1287.95)
		108.21	1655.74

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(` in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P13 ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS			
1	Sales is net off sales returns Sales returns in respect of Tractors - 21 Nos (Previous year 183 Nos) & Spares	85.90	771.66
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.	243.07	362.39
	- Provision for Settlement Allowance made based on Acturial Valuation	97.06	48.98
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.	1315.07	646.33
4	Value of Special Tools individually costing less than ` 750 written off during the year.	58.62	64.27
5	Revenue expenditure on Research & Development charged to profit & loss	230.96	156.67
6	Consumption of Raw materials and components		
	Steel	100.90	106.17
	Non-ferrous Metals	6.04	4.50
	Ferrous Castings	518.50	311.67
	Non-ferrous Castings	15.92	2.01
	Forgings	499.12	254.28
	Standard parts	374.80	338.53
	Components	4414.16	3464.65
	Others	4.27	9.68
		5933.71	4491.49
7	Work-in-progress		
	Tractors & its parts	1689.94	1007.62
	Food Processing Machines	128.94	125.72
		1818.88	1133.34

8 Information regarding imports, expenditure and earnings in foreign exchange and consumption

a)	CIF value of imports		
	Raw Materials	-	14.74
	Components and Spare Parts	5.24	43.75
	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	61.02	16.61
	%	0.97	0.34
	Indigenous		
	` in lakhs	6253.10	4881.88
	%	99.03	99.66
d)	Earnings in Foreign Exchange		
	Exports		
	Routed through the wholly owned Subsidiary, HMT (International) Ltd.	-	-
	Others	53.24	54.26

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 ₹ 50,000/- 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	60 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 31-03-2014 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 ₹ 5190.04 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2013-14	2012-13
1. Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	513.18	601.74
Interest cost	41.05	48.14
Current Service Cost	1.25	1.10
Benefits Paid	115.00	50.00
Actuarial (gain)/loss on obligations	40.11	(87.80)
Present value of obligation as at end of year	480.59	513.18
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets of beginning of year	619.30	614.64
Expected return on plan assets	54.90	54.32
Contributions	112.00	0.34
Benefits paid	115.00	50.00
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	671.20	619.30
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	619.30	614.64
Actual return on plan assets	54.90	54.32
Contributions	112.00	0.34
Benefits Paid	115.00	50.00
Fair value of plan assets at the end of year	671.20	619.30
Funded status	190.61	106.12

		(` in lakhs)	
		Gratuity (Funded)	
		2013-14	2012-13
4	Actuarial Gain/Loss recognized		
	Actuarial gain/(loss) for the year - Obligation	(40.11)	87.80
	Actuarial gain/(loss) for the year - plan assets	-	-
	Total (gain)/loss for the year	40.11	(87.80)
	Actuarial gain/(loss) recognised in the year	(40.11)	87.80
5	Amounts recognised in the Balance Sheet and Statement of Profit & Loss		
	Present value of obligations as at the end of the year	480.59	513.18
	Fair Value of plan assets as at the end of the year	671.20	619.30
	Funded Status	190.61	106.12
	Net Asset/(liability) recognised in balance sheet	190.61	106.12
6.	Expenses Recognised in statement of Profit & Loss Account		
	Current Service Cost	1.25	1.10
	Interest Cost	41.05	48.14
	Expected return on plan assets	54.90	54.32
	Net Actuarial (gain)/loss recognised in the year	40.11	(87.80)
	Expenses recognised in statement of Profit & Loss	27.51	(92.88)

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)	
		2013-14	2012-13
	Advances given for expenses	4.34	2.24
	Advances reimbursed by the Company	4.34	-
4	Outstanding at the year end		
	- Advance receivable	2.45	4.34

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

(₹ in Lakhs)

Particulars	2013-14	2012-13
Profit/(loss) for the period as per Statement of Profit & Loss (₹ in lakhs)	8720.59	(14537.66)
Weighted Average number of Equity Shares (in Nos)	760350140	760350140
Basic and Diluted Earning per Share (₹)	1.15	(1.91)
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 1.4.2013		10.38
Additions during 2013-14		<u>38.24</u>
Total		48.62
Less: Used during 2013-14		
Utilised	16.01	
Withdrawn	-	<u>16.01</u>
Closing Balance as on 31.3.2014		32.61

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	(` in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra-ordinary Items	10,582.04	(14,537.66)
Adjustment for:		
Depreciation & Amortisation	340.16	354.76
Exceptional Items - Interest Wavier	(27,500.23)	
Profit on Sale of Fixed Assets (net)	(0.02)	(13.85)
Amortisation of Special Tools	102.96	111.70
Foreign Exchange (net)	-	-
Interest debited (Net)	(524.30)	6,889.03
Dividend received	(14.40)	(14.40)
Bad debts/advances, obsolete Materials written off	236.78	64.78
Provision for slow/non moving inventories, Doubtful debts, Advances and Investments	8594.27	(28.03)
	(18,764.78)	7,363.99
Operating Profit Before Working Capital Changes	(8,182.74)	(7,173.67)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	(902.40)	3,016.61
(Increase)/Decrease in Inventories	(1,067.20)	2,319.39
(Increase)/Decrease in Other Current Assets	118.00	(277.67)
Increase/(Decrease) in Trade payables & Other Current Liabilities	2,225.20	272.16
	373.60	5,330.49
Cash Generated From Operations	(7,809.14)	(1,843.18)
Direct Taxes paid	-	-
Cash Flow Before Extra - ordinary Items	(7,809.14)	(1,843.18)
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(7,809.14)	(1,843.18)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12.08)	(7.49)
Sale proceeds of Fixed Assets	0.02	13.81
Sale of Investments	-	-
Dividend Received	14.40	14.40
(Payment)/Receipt - Subsidiaries	(533.42)	256.37
Interest Received	159.93	6.84
NET CASH USED IN INVESTING ACTIVITIES	(371.15)	283.93

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in Lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	66,074.15	-
Proceeds from Long Term/Short Term Borrowings	5,256.00	3,048.44
Repayment of Long Term/Short Term Borrowings	(52,346.38)	(250.00)
Exchange Difference (net)	-	-
Interest Paid	(6,882.79)	(1,148.24)
NET CASH USED IN FINANCING ACTIVITIES	12,100.98	1,650.20
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,920.69	90.95
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	452.82	361.87
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	4,373.51	452.82
	3,920.69	90.95

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 on behalf of the Board

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

S. Girish Kumar
Chairman & Managing Director

Rajesh Kumar Singh
Director

(CA. G.S.Krishna Murthy)
Partner (M.No. 013841)

Place : New Delhi
Date : 20-06-2014

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 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014
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	10.36	(1587.82)	(5265.90)	(23307.59)	(5055.67)
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	3029.99	(10977.42)	(94396.71)	(201914.79)	(48396.17)
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

S. Girish Kumar
Chairman and Managing Director

Rajesh Kumar Singh
Director, Operations

B. K. Subash
Company Secretary

Place : Bangalore

Date : 23rd July 2014

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors
HMT Limited, Bangalore

Report on the Financial Statement

1. We have audited the attached consolidated Balance Sheet of HMT Limited, Bangalore and its Subsidiaries as at 31st March 2014, 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

2. 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 read with the General Circular 15/2003 dt.13.09.2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act, 2013. 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

3. 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.

4. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. **Basis for Qualified Opinion:**
 - A. **HMT Chinar Watches Limited, Srinagar (As per their Statutory Auditor's Report):**
 - (a) The Company's inventories are carried in the Financial Statement at ₹ 882.31 Lacs which includes finished goods of ₹ 537.94 lacs and tools, raw material, watches components, scrap, WIP and spares parts amounting ₹ 344.37 lacs. Out of above a provision for non-moving inventories amounting to ₹ 155.04 lacs had been made. As the Company has closed its operation and inventories have not been moved since a decade, provision for non-moving inventories is inadequate. However, we are unable to determine adequate provision. The impact whereof on loss for the year, reserves and surplus and inventories as on 31 March 2014 could not be ascertained.

- (b) Balances as at March 31, 2014 in respect of Receivable and payable are subject to confirmation and reconciliation. Most of them are being carried from year to year without any adjustment. In the absence of necessary confirmation, we are unable to quantify impact on the expenses, income, assets and liabilities of the Company.
- B. HMT Watches Limited, Bangalore (As per their Statutory Auditor's Report):**
- I. Disagreement on accounting policies – Inappropriate disclosure**
- (a) The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's operations are negligible compared to its installed capacity of working. The Company has suffered recurring losses from operations and has net capital deficiency that raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.
- (b) The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements in line with the Accounting Standard-28.
- (c) Charging depreciation on Plant and Machinery on double shift basis though none of the Manufacturing Divisions have worked in double shifts which is not in accordance with Accounting Standard-06.
- (d) Depreciation on lease hold land in the case of Watch Marketing Division has been computed by applying SLM rates of depreciation as applicable to building instead of amortizing the value of leasehold land over the period of lease. This is contrary to Accounting Standard-06. The impact of the same on the Net Loss of the Company and also on carrying cost of tangible assets is not ascertainable.
- (e) Amortization of Patterns, Jigs and Fixtures at 20% on the opening Book balance has been made without considering the additions during the year. Impact on the financial statement is not ascertainable.
- (f) The details of fixed assets with written down value of ₹1 lakh and above which have retired from active use and disclosed at lower of book or net realizable value were not made available in respect of Watch Factory, Ranibagh.
- (g) Valuation of inventories not being in accordance with the Accounting Standard 02 – Valuation of inventories due to:
- Recovery of overheads on the basis of planned production and not on normal capacity.
 - Not conducting the Physical Verification of raw materials during the year 2013-14 and raw material consumption not commensurate with the production during the year compared to the previous year in respect of Watch Factory, Bangalore Division.
 - The work- in- progress is valued at cost instead of on the basis of percentage of completion basis taking into consideration the NRV of Finished goods.
 - Provision made towards obsolescence considering the accretion to the Work-in-Progress instead of accretion to the Work-in-Progress over a period of time and technological changes. Work-in-Progress is valued at Cost instead of lower of cost and NRV.
 - Individual details of slow / non-moving goods and obsolete inventories were not made available to us. In Watch Marketing Division, Watch Factory Tumkur and Ranibagh, no provision was made towards non-moving / slow moving inventories which is contrary to the Accounting Policy of the Company. Accordingly, we are unable to comment on adequacy of such provisions made in the accounts.

- Inclusion of Watch Components valued at ₹ 343.30 Lakhs taken into custody in the earlier years by the Customs Authorities on which an additional duty redemption fine and penalty of ₹ 150.00 Lakhs is levied and consequent non provision of such redemption fine and penalty.
- The Watch Marketing Division has not obtained confirmation of balances from the Customs Authorities in respect of Watch components taken into custody by Customs Authorities and included in Inventories valuing ₹ 67.12 Lakhs.
- Valuation closing stock of Watches and Components at Showroom relating to Watch Factory, Tumkur includes Excise Duty of ₹ 87.91 Lakhs in addition to Net realizable value resulting in overstatement of inventories and understatement of loss by ₹ 87.91 Lakhs.
- Valuation of Finished Goods pending receipt of Physical Verification certificates in respect of stocks at Showrooms, Exhibition, on consignment.
- Closing stock of spares at Showrooms is reduced by 51.76% on MRP Value to arrive at cost. Basis for the computation of percentage were not available. Hence we are unable to comment on the accuracy of valuation and impact on the financial statements is not ascertainable.

In view of the above, we do not express an independent opinion on the correctness of existence and valuation of inventories. Net effect of the same on the financial results is not ascertainable.

- (h) Company has not disclosed contingent liability, if any, relating to sale of land to Canara Bank and subsequent claim by third party vide Miscellaneous Petition No.621/622, pending adjudication.
- (i) Company is required disclose terms of repayment of loans, period and amount of default in repayment of dues providing breakup of Principal and interest

separately as per Para C (vii) & (viii) of General Instructions for preparation of Balance Sheet Revised Schedule VI of the Companies Act, 1956. Note No-5.2 to the Financial Statements does not contain these disclosures.

- (j) Reference is invited to Note No.8.0 regarding balances carried under Short Term borrowings – ₹ 48,161.62 lakhs being the loans & advances from Holding Company which includes both Principal and interest accrued and due. As required under Part I Revised Schedule VI of the Companies Act, 1956, interest accrued and due should have been shown distinctly under Other Current Liabilities. Further, the loan is repayable on demand. Period and amount of default in repayment of dues providing break up of Principal & Interest has not been specified as required under Para F (iv) of General Instructions for preparation of Balance Sheet, Revised Schedule VI of the Companies Act, 1956.
- (k) Loans and advances include Adhoc payment of wage / salary /DA / Revision arrears to employees pending adjustment. Aggregate amount of arrears has neither been quantified nor provided for in the accounts. Impact on the financial statements is not ascertainable.
- (l) Short Term Loans and Advances – Advance recoverable in cash or in kind includes a sum of ₹ 11.98 Lakhs being Suspense Account OBS (Debit Balance). Individual details of such debits are not ascertainable. They are subject to reconciliation. Net impact of the same on the financial result of the unit is not ascertainable.
- (m) As stated in Note No.19, no provision is made for liabilities aggregating ₹ 6492.97 Lakhs in respect of employee related claims relating lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by ₹ 6492.97 Lakhs and corresponding understatement of current liabilities to that extent.

- (n) Except Watch Factory, Ranibagh and Watch Factory, Bangalore, no provision for the liability towards the interest payable under Micro Small and Medium Enterprises Development Act, 2006, if any, is made in the accounts. The impact of non provision for such interest on the financial results of the Company is not ascertainable. In the absence of confirmation from vendors and non-availability of adequate information with the Units, provision made towards interest and the principal amount disclosed as overdue as on balance sheet date we are unable to comment on the adequacy of the provision and the impact on the financial statements not quantifiable.
- ii. **Dis-agreement on accounting issues**
- i. Other Current Liabilities includes a sum of ₹ 889.62 Lakhs relating to advances received against sale of land including buildings. The Company has executed an Agreement to Sell and possession of land (including buildings) has been given to the Purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the respective head under fixed assets through there are no future economic benefits flowing to the Company. The consequential impact on the losses, carrying amount of the fixed assets, depreciation and taxes are not ascertainable.
- ii. In pursuant to Distress Warrant dated 23rd December 2011 issued by Bangalore Mananagar Palike for recovery of ₹ 381.31 Lakhs of property tax along with penalty for the period from 01.10.1985 to 2011-12, a provision for balance corporation tax was made in the accounts during the year 2012-13 for an amount of ₹ 309.01 Lakhs. As the Distress Warrant being in the nature of attachment of movable property towards the property tax, the fact regarding distress warrant has not been disclosed in the financial statements. Further, as per final notice dated 13.05.2011 of BBMP, since the Company has failed to pay the taxes under the Self-Assessment Scheme, penalty of 5% per annum on the amount due will be charged up to 31.03.2008 and thereafter with effect from 01.04.2008 at 2% per month will be charged as per Section 108A of KMC Act. Penalty Liability has not been ascertained. In the absence of detailed working for balance amount of corporation tax and penalty up to 31st March 2014, the impact of the same on the net financial results of the Company cannot be ascertained.
- iii. One of the creditor of the Company had obtained Execution Decree dated 30.05.1998 passed in OS No.15652 of 2008 for ₹ 128 Lakhs. This fact together with contingent liabilities, if any, has not been disclosed in the financial statements of the Company.
- iv. Fixed Assets have been transferred from the Holding Company (HMT Limited) to the company at the gross values, reserve for depreciation and net values as on 01.04.2000 in accordance with Scheme of Arrangement approved by the Department of Company Affairs. Depreciation has been charged from the accounting year 2000-2001 and onwards on the original cost of the assets on straight line basis, keeping in view the estimated life of the asset. Fixed Assets should have been recorded at the original cost to Company instead of at historical cost to HMT Limited. This has resulted in over statement of gross block by ₹ 32.21 Crores. Excess depreciation charged on such overstatement of gross block has not been quantified. Effect of the same on over statement of losses and understatement of net block of assets are not ascertainable.
- v. Gross block of fixed assets in Watch Marketing Division as on 01.04.2013 is ₹ 509.51 Lakhs as against ₹ 321.45 Lakhs as per Fixed Asset Register. The difference of ₹ 188.06 Lakhs has not been reconciled. In the absence of reconciliation, the impact on the financial statements is not ascertainable.
- vi. No physical verification of fixed assets was carried out during the year in respect of Watch Marketing

- Division and Specialised Watch Case Division. In the absence of physical verification of fixed assets, we are unable to comment on material discrepancies if any, its treatment in the books of account and impact on the financial results of the company including carrying cost of fixed assets.
- vii. Difference between KVAT input credit as per books (₹ 38.94 Lakhs) and as per KVAT Form (₹ 9.45 Lakhs) has not been reconciled. In the absence of such reconciliation, impact on financial statements is not quantifiable.
- viii. There are many unspecified / excess credits. In various bank accounts pending reconciliation / identification of parties amounting to ₹ 17.73 Lakhs carried as other current liabilities. In Watch Marketing Division and its consequential effect on the net Loss for the year is not ascertainable. This is continued without reconciliation/identification for a long time.
- ix. There is no system of obtaining periodical confirmation of balances relating to trade receivables, trade payables, loans and advances, current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net Loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.
- x. Trade Receivables includes a sum of ₹ 0.59 Lakh being the DD collected by Chennai Show Room from a party in Pondicherry and sent to the Watch Marketing Division is stated to be lost in transit. The Division has neither informed the concerned Bank nor obtained confirmation from the party.
- xi. Balances with Banks in Current Account with Scheduled Banks relating to show rooms other than Chennai and Bhubaneswar Show Rooms are as per books of account and are subject to confirmation by the respective banks.
- xii. Other Bank balances include deposits with scheduled banks furnished as margin money to bank guarantee in Watch Marketing Division. Confirmation of balances of Fixed Deposits held as Margin Money as at the close of the year has not been obtained.
- xiii. Other liabilities include a sum of ₹ 39.27 Lakhs representing Suspense Account 9BS (Cr) and ₹ 1.05 Lakhs representing Suspense A/c Bills (Cr) relating to Watch Marketing Division. Individual details of such credits / debits are not ascertainable and are subject to reconciliation. Net impact of the same on the financial result of the Company is not ascertainable. This is continued to be shown as such over a long period of time.
- xiv. Short Term Loans and Advances – Advance recoverable in cash or in kind includes a sum of ₹ 22.20 Lakhs being Suspense A/c OBS (Dr Balance) relating to Watch Marketing Division. Individual details of such debits are not ascertainable and are subject to reconciliation. Net impact of the same on the financial results of the Company is not ascertainable. This is continued to be shown as such over a long period of time.
- xv. Interest on Excise Duty of ₹ 40.11 Lakhs has been adjusted against Excise Duty Recoverable – CENVAT Account in Watch Factory, Ranibagh. This is not in accordance with the provisions of CENVAT Credit Rules. This has resulted in understatement of net loss to an extent of ₹ 40.11 Lakhs and understatement of current assets to that extent.
- xvi. 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.
- xvii. In the absence of age-wise classification of debtors made available to us, we are unable to express our opinion on adequacy of provisions towards doubtful trade receivables made up to 31.03.2014 amounting to ₹ 4629.33 Lakhs.

- xviii. The Company has made a provision of ₹ 25 Lakhs towards PF Trust Loss on adhoc basis. Detailed working for the same was not made available to us, in the absence of which we are unable to comment on adequacy of provisions made. Impacts on financial statements are not ascertainable.
- xix. Interest on delayed settlements on gratuity to employees beyond 30 days from the date of retirement has not been provided for in the accounts in three divisions. Impacts on financial statements are not ascertainable.
- xx. No provision towards gratuity amounting to ₹ 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit ₹ 28 Lakhs, which is contrary to Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss of current liabilities and provisions to that extent. Impacts on financial statements are not ascertainable.
- 7. Opinion**
1. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 476.03 Crores as at 31st March 2014, the total revenues of ₹ 274.56 Crores and net cash-inflows amounting ₹ 40.20 Crores to 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 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.
- iii. HMT Ltd. & its Subsidiaries have sought confirmation of most of the trade receivables, advances & trade payables. Balances thereon are subject to confirmations and reconciliations in case of differences, if any.
- 8. Qualified opinion**
- 8.1 In HMT Chinar Watches Limited, the inventories are carried in the financial statement at ₹ 882.31 Lacs which includes finished goods of ₹ 537.94 lacs and tools, raw material, watches component, scrap, WIP and spares parts amounting ₹ 344.37 Lacs. Out of above, a provision for non-moving inventories amounting to ₹ 155.04 lacs had been made. As the Company has closed its operation and inventories have not been moved since a decade, provision for non-moving inventories is inadequate. However, we are unable to determine adequate provision. The impact whereof on loss for the year, reserves and surplus and inventories as on 31 March 2014 could not be ascertained.**
- 8.2. In some of the Divisions of HMT Watches Limited except Watch Factory, Ranibagh & Watch Factory, Bangalore, no provision for the liability,**

if any, towards the interest payable under Micro, Small and Medium Enterprise Development Act, 2006, if any, is made. The impact on non provision of such interest on the financial results of the Company cannot be quantified.

8.3 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.

8.4 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.

8.5 In HMT Watches Limited, valuation closing stock of Watches and Components at Showroom relating to Watch Factory, Tumkur includes Excise Duty of ₹ 87.91 Lakhs in addition to Net realizable value resulting in overstatement of inventories and understatement of loss by ₹ 87.91 Lakhs.

8.6 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.

8.7 We further report that, there is an understatement of Loss in the consolidated financial statements amounting to ₹ 1.28 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 ₹ 247.24 Crores (as against the reported loss of ₹ 245.96 Crores).

Subject to the comments in paras 8.1 to 8.7 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 2014;
- 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.

9. Emphasis of Matter

a) HMT Watches Limited, Bangalore (As per their Statutory Auditor's Report):

- i) We draw attention to "Basis of preparation of financial statements" disclosed in significant accounting policies to the financial statements which states that the financial statements are prepared as of a going concern in spite of substantial operational losses being incurred and company's operations are negligible compared to the installed capacity of working.

- ii) Note No.12.2 – regarding inclusion of immovable properties in gross block of the fixed assets, vested under the Scheme of Arrangement approved by Government of India and non-carrying of the mutation of title deeds in the revenue records to that effect. Hence, the title to the immovable properties could not be ensured.
- iii) Note No.12.4 – regarding possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land encroached upon and the matter taken up with the Government of Karnataka to shift the un-authorized occupants. Though the Company is in possession of lands at various units, it has not obtained up-to date encumbrance certificates from the concerned authorities to ascertain the extent of encroachment / title verification.
- iv) Note No.12.5 – regarding non identification of equalent value of land sold and transferred during 2003-04 based on a MOU between HMT Limited and the Company. Certain lands were sold and the profit on sale of such lands amounting to ₹ 1421 Lakhs were accounted in books of account of HMT Limited, holding company and equivalent value of the land has not yet been identified and transferred to the company.
- v) Note No.19.0 disclosing Contingent Liabilities and Commitments to the extent not provided for in the accounts aggregating ₹ 6492.97 Lakhs. The Company has neither ascertained nor provided for further liabilities, if any, towards interest, penal interest and / or damages in respect of these contingent liabilities.
- vi) Note No.19.1, 19.2, 19.3 and 19.5 – regarding pendency of sales tax assessments, income tax assessments, suits filed by employees and non ascertainment of liabilities on sale of land, respectively, not provided for in the accounts.
- vii) Schedule VI, Part II, all other expenses not classified under other heads will have to be classified as other expenses and for this purpose, only item of expenditure which exceeds one percent of the revenue from operations or ₹ 1,00,000 whichever is higher needs to be disclosed separately. In the absence of details of items of expenditure exceeding ₹ 1,00,000, compliance to Revised Schedule VI, Part II could not be ensured.
- viii) Note No.36.0 regarding non refund of ₹ 100 Lakhs to GOI out of ₹ 200 Lakh Plan Assistance received during March 2007 for meeting capital expenditure and accounting of interest on FD in favour of Holding Company.
- ix) Note No.39(b) regarding inclusion of ₹ 991.03 Lakhs being the amount paid by way of adhoc to employees towards wage / salary / DA / revision arrears if any, pending adjustment for which necessary provision has been made in the accounts to the extent of ₹ 1881.91 Lakhs. No adjustment towards the corresponding advance account has been made during the year in respect of settlements made during the year. The Company has not reviewed the settlements made in the past and taken action to adjust the advances.
- x) Note No.45 regarding disclosure as per Accounting Standard 15 (Revised). The detailed workings were not made available and we have relied on the intimation received from the Holding Company. Further, no reconciliation of opening balance and closing balance of the present value of the defined benefit obligations showing separately the effect attributable to current service cost, interest cost, contribution to be made has not been ascertained from the holding company and disclosed in the financial statements as required by Accounting Standard 15 on 'Employee Benefits'.
- b) **HMT Bearings Limited (As per their Statutory Auditor's Report):**
- We draw attention to the following matters presented in the financial statements; our opinion is not qualified in respect of these matters.

Some of the balances under Trade Payables, short term liabilities, other current liabilities, Trade Receivables and Loans and Advances are subject to confirmations.

10. **Other Matter**

(a) **HMT Limited:**

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. Being a Government Company provision of Sec 274(1) (g) 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.
3. 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.
4. The Company has sought confirmation of most of the trade receivables, Advances & trade payables. Balances thereon are subject to confirmations & reconciliations in case of differences, if any. (Ref Note No.11 of the Additional information to the Balance Sheet-B18). However, the Company has made provision of (a) ₹ 43.53 crores towards trade receivables, (b) ₹ 51.87 Crores towards interest on trade receivables and (c) ₹ 1.13 crores towards advances, in the books of accounts of the Company as on 31.03.2014.
5. The Company had sold certain lands vested with HMT Machine Tools Limited, a subsidiary company, during the years 2002-03 and 2003-04, 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.

6. During the year the Company has made provision of ₹ 1.66 Crores towards loss in value of investment made in HMT Chinar Watches Limited, the Subsidiary Company, and ₹ 81.09 Crores towards loans given to the above Subsidiary as on 31.03.2014, which were included under the head 'Other Expenses'.
7. The Branch Auditor of Tractor Division, Pinjore, has observed the following on the accounts of Tractor Division, Pinjore:
 - a) Miscellaneous Income includes interest of ₹ 64.96 lakhs accounted for @14% on due basis on account of loan given to M/s.HMT Watches Limited (Watch Marketing Division).
 - b) During the year 2013-14, total Cess amounting to ₹ 15,360/- in respect of sale / transfer of 30 tractor made during the month of April to September, 2013 at Hyderabad Unit has been adjusted against excise duty on dummy production / sale of 30 tractors made during the year 2012-13 which in our opinion should have been paid.
 - c) During the previous financial year 2012-13, sale reversal of ₹ 6562.69 lacs was done due to dummy / excess sale booking on which sales tax of ₹ 40.45 Lacs was reversed during 2012-13 which has been shown under short term loan and advances as on 31.03.2013. However, during the current year 2013-14 the Company has created an additional sales tax liability of ₹ 64.75 Lacs through Prior Period adjustment account and the same has been adjusted against ₹ 40.45 lacs.

- d) The quantitative figures in Main Store ledger have not been fully reconciled with reference to Production of 1546 tractors during the year 2013-14.
- e) The Sales Tax Return of Pinjore Unit is subject to reconciliation with the books of accounts.
- f) During the year a sum of ₹ 236.78 lacs has been debited to Statement of Profit and Loss Account under head "Bad Debts / Advances written off" under Note No.30 – Other Expenses, which pertains to Interest reversal of dealers for the FY 2011-12 and FY 2012-13 have been relied upon the basis of certificate received from Management of the Company.
- (b) HMT Watches Limited (As per their Statutory Auditor's Report):**
- (i) The accounting of the following is as per Holding Company's (HMT Limited) directions which are not verified by us, in the absence of detailed workings made available:
- Leave encashment provisions
 - Gratuity provisions
 - Settlement allowance
 - Interest on loan from Holding Company
 - Loan from Government of India and HMT Limited
 - Interest subsidy on loan from Holding Company.
- ii) Company has not constituted an Audit Committee as required under the provisions of Section 292A of the Companies Act, 1956.
- iii) The Company does not have a qualified Company Secretary as required under the provisions of Section 2(45) and 383(A) of the Companies Act, 1956.
- (c) HMT Chinar Watches Limited (As per their Statutory Auditor's Report):**
- i) The financial statements of the Company as at March 31, 2013 and for the year then ended were
- audited by another firm of chartered accountants M/s.KRA & Co., who vide their report dated May 19, 2013, expressed an opinion on those financial statements.
- 11. Report on Other Legal and Regulatory Requirements**
1. As required by section 227 (3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
- (c) 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);
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- For M/s. S R R K SHARMA ASSOCIATES
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)
- (CA. G.S.Krishna Murthy)
Partner (M.No. 013841)
- Place: Bangalore
Date: 25.07.2014

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 is a percentage of the estimated profits of the contract apportioned in the ratio of value of work done or certified to the total value of the contract.

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 incidence.

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

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2014	As at 31-03-2013
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	B1	142035.01	76035.01
(b) Reserves and Surplus	B2	(458565.40)	(432052.39)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	B3	44374.15	44300.00
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	B4	108645.94	143903.03
(b) Deferred Tax Liabilities (Net)	B5	119.15	117.02
(c) Long-term Provisions	B6	19875.89	16667.50
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	B7	9699.44	11032.81
(b) Trade Payables	B8	7633.82	8118.08
(c) Other Current Liabilities	B9	170014.06	178978.43
(d) Short-term Provisions	B10	20023.24	12133.44
TOTAL		<u>63855.30</u>	<u>59232.93</u>
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	B11	11152.69	12439.56
(ii) Intangible Assets	B11	86.83	107.26
(iii) Capital Work-in-Progress		361.12	358.25
(iv) Machinery & Equipment in transit & under inspection/erection		936.72	936.72
(b) Non-Current Investments	B12	72.23	232.08
(c) Long Term Loans & Advances	B13	329.87	105.16
2 CURRENT ASSETS			
(a) Inventories	B14	19537.01	18744.54
(b) Trade Receivables	B15	9185.54	12279.47
(c) Cash and Cash Equivalents	B16	13464.41	5523.05
(d) Short-term Loans and Advances	B17	7228.41	7032.36
(e) Other Current Assets	B18	1500.47	1474.48
TOTAL		<u>63855.30</u>	<u>59232.93</u>
See accompanying notes to the financial statements. Additional Information to Balance Sheet Accounting Policies form part of the Accounts	B19		

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)

 S. Girish Kumar
 Chairman & Managing Director

 Rajesh Kumar Singh
 Director

 B. K. Subash
 Company Secretary

 (CA. G. S. Krishna Murthy)
 Partner (M.No. 013841)

 Place : New Delhi
 Date : 23-07-2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

(₹ in lakhs)

Particulars	Note No.	Year ended 31-03-2014	Year ended 31-03-2013
REVENUE			
I Gross Revenue from Operations	P1	29088.51	38369.56
Less: Excise Duty		<u>2009.60</u>	<u>2769.56</u>
Net Revenue from Operations		27078.91	35600.00
II Other Income	P3	4459.82	5265.51
III Total Revenue (I + II)		31538.73	40865.51
IV EXPENSES			
Cost of Materials Consumed	P4	14547.53	16377.84
Purchase of Stock in Trade	P5	850.68	1760.07
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	P6	(1109.60)	(720.14)
Employee Benefits Expense	P7	28630.41	26093.43
Depreciation & Amortisation	P8	1324.36	1413.50
Other Expenses	P9	16947.06	8307.08
Finance Costs	P10	26220.30	32786.76
Less: Jobs done for Internal use	P2	(400.51)	(441.46)
Total Expenses		87010.23	85577.08
V Profit / (Loss) Before Exceptional, Extrordinary items, Adjustment for Prior Period Items and Tax (III - IV)		(55471.50)	(44711.57)
VI Add : Exceptional Items - (Income) / Expenditure	P11	30971.63	(1466.49)
VII Less : Prior Period Adjustments	P12	95.78	1609.55
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		(24595.65)	(47787.61)
IX Extra ordinary Items	P13	-	-
X Profit / (Loss) Before Tax (VIII - IX)		(24595.65)	(47787.61)
XI <u>Tax Expense</u>			
(1) Current Tax		1898.48	235.00
(2) Deferred Tax		2.13	1.55
XII Profit / (Loss) for the Period (X - XI)		(26496.26)	(48024.16)
XIII Earnings Per Equity Share:			
Basic / Diluted Earnings per share of ₹ 10/- each (in Rupees)		(3.48)	(6.32)
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			
	P14		

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)

 S. Girish Kumar
 Chairman & Managing Director

 Rajesh Kumar Singh
 Director

 B. K. Subash
 Company Secretary

 (CA. G. S. Krishna Murthy)
 Partner (M.No. 013841)

 Place : New Delhi
 Date : 23-07-2014

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B1	SHARE CAPITAL		
	AUTHORISED		
	123,00,00,000 (<i>Previous year 100,00,00,000</i>) Equity Shares of ₹ 10/- each	123000.00	100000.00
	8,70,00,000 (<i>Previous year 4,50,00,000</i>) Preference Shares of ₹ 100/- each	87000.00	45000.00
		210000.00	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
	68,43,15,126 i.e., 90% (<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		
	443,00,000 (<i>Previous year nil</i>) 3.5% Redeemable Preference Shares of 100/- each Entire 3.5% Redeemable Preference Share Capital is held by President of India	44300.00	-
	217,00,000 (<i>Previous year nil</i>) 8% Redeemable Preference Shares ₹ 100/-each Entire 8% Redeemable Preference Share Capital is held by President of India	21700.00	-
		142035.01	76035.01

B2 RESERVES AND SURPLUS

Particulars	As at 01-04-2013	Additions	Withdrawals	As at 31-03-2014
Capital Reserve*	2270.82	-	-	2270.82
General Reserve	16550.97	-	-	16550.97
Balance in Statement of Profit & Loss	(450874.18)	(26513.01)	-	(477387.19)
	(432052.39)	(26513.01)	-	(458565.40)

*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.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B3	SHARE APPLICATION MONEY PENDING ALLOTMENT		
	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
	Towards Conversion of GOI Loans into Equity Shares Capital under Revival Plan of HMT Limited, approved by Govt. of India. (Share Deposit)	44374.15	-
		<u>44374.15</u>	<u>44300.00</u>
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
	Amount of continuing default ₹ Nil (<i>Previous year ₹ 5800.00 lakhs</i>)	<u>-</u>	<u>5800.00</u>
	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 Amount of continuing default ₹ 72532.02 lakhs (<i>Previous year ₹ 90314.09 lakhs</i>) and the earliest date of continuing default in previous year 07.04.2005.	107659.44	138053.03
	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 ₹ Nil (<i>Previous year ₹ 50 lakhs</i>)	-	50.00
	Term Loans from Bank with interest @ 11.5% p.a. upto 31.05.2013 15% p.a. till the date of settlement Amount of continuing default Nil	986.50	-
		<u>108645.94</u>	<u>138103.03</u>
		<u>108645.94</u>	<u>143903.03</u>
B5	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liability arising on account of Depreciation	119.15	117.02
		<u>119.15</u>	<u>117.02</u>
B6	LONG TERM PROVISIONS		
	Gratuity	17303.19	14535.13
	Earned Leave Encashment	1843.58	1511.01
	Settlement Allowance	729.12	621.36
		<u>19875.89</u>	<u>16667.50</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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.	7989.74	8233.66
	Amount of Default in HMT Ltd. ₹ 330.39lakhs (<i>Previous year ₹ Nil</i>)		
	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.	1709.70	2799.15
		9699.44	11032.81
	UNSECURED	-	-
		9699.44	11032.81
B8	TRADE PAYABLES		
	Acceptances	248.96	607.70
	Dues towards Goods purchased & Services Received	6722.07	6656.24
	Dues to Micro & Small Enterprises	662.79	854.14
		7633.82	8118.08
B9	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	12915.25	13643.80
	Interest accrued and due on borrowings		
	3 year HMT Bonds 2001	-	1713.65
	5 year Bonds 1999	-	22.17
	Short Term loan from Bank	-	5.31
	Loans from Government of India	103200.46	108873.19
	Loan from Bank	1418.10	-
	Interest accrued but not due on borrowings		
	Government of India Loan	12209.24	15749.60
	Advance received against sale of land	889.62	889.62
	Advance received against sales	4166.95	4151.98
	Sundry Creditors - other dues	10316.90	8916.71
	Other liabilities	24897.54	25012.40
		170014.06	178978.43
B10	SHORT TERM PROVISIONS		
	Gratuity	1701.99	3000.90
	Leave Encashment	495.58	594.92
	Settlement Allowance	132.06	197.72
	Contingencies	366.37	607.63
	Taxation	1900.06	419.58
	Warranty	168.09	212.20
	Others	15259.09	7100.49
		20023.24	12133.44

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

Particulars	(₹ in lakhs)											
	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 01-04-2013	Additions	Deductions/ Adjustments	Balance as at 31-03-2014	Balance as at 01-04-2013	Deductions/ Adjustments during the year	Depreciation during the year	Balance as at 31-03-2014	Balance as at 31-03-2014	Balance as at 01-04-2013		
I Tangible Assets												
Land & Land Development	659.90	0.09	-	659.99	-	-	-	-	659.99	659.90		
Land-Leasehold	26.57	-	0.16	26.41	11.94	-	0.25	12.19	14.22	14.63		
Buildings	6986.00	1.72	-	6987.72	4668.06	-	87.50	4755.56	2232.16	2317.94		
Plant and Machinery	61002.60	15.48	196.57	60821.51	51828.76	(193.80)	1172.49	52807.45	8014.06	9173.84		
Furniture, Fittings & Office Appliances	2088.50	2.86	7.50	2083.86	1836.17	(7.34)	39.06	1867.89	215.97	252.33		
Transport Vehicles	256.64	-	0.79	255.85	235.72	(0.79)	4.63	239.56	16.29	20.92		
II Intangible Assets												
Design & Prototype	27.58	-	-	27.58	4.26	-	2.76	7.02	20.56	23.32		
Tech. Acquisition/Development	88.36	-	-	88.36	4.42	-	17.67	22.09	66.27	83.94		
Total	71136.15	20.15	205.02	70951.28	58589.33	(201.93)	1324.36	59711.76	11239.52	12546.82		
Previous Year	71020.45	246.83	131.13	71136.15	57304.08	(128.35)	1413.50	58589.23	12546.92			

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

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. 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. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s. Kochi Metro Rail Ltd. for a period of 2 years from 6.6.2013 to 5.6.2015 and from 1.9.2013 to 31.08.2015 respectively, for stockyard and fabrication purpose. However, the leased out land admeasuring 2.50 Ha has not been approved by the Board.
- 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 Kavadijuda, 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.

OTHERS

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

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B12	NON CURRENT INVESTMENTS		
	TRADE INVESTMENTS	-	-
	OTHER INVESTMENTS (UNQUOTED) - AT COST		
	30,00,000 (Previous year 30,00,000) Ordinary Shares of Naira 1 each fully paid up in Nigeria Machine Tools Ltd, Nigeria.	171.55	171.55
	20,84,050 (Previous year 20,84,050) Equity Shares of ₹ 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar.	20.84	20.84
	2,94,800 (Previous year 2,94,800) Equity Shares of ₹ 10/- each (of which 1,34,000 [Prev. year 1,34,000] Shares at a premium of ₹ 140/- each) fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad	217.08	217.08
	1,50,000 (Previous year 1,50,000) 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
	Andhra Pradesh Gas Power Corporation Ltd. Hyderabad	159.85	
		352.24	192.39
		72.23	232.08
B13	LONG TERM LOANS AND ADVANCES		
	Capital Advance		
	Unsecured Considered Good	329.87	105.16
	Unsecured Considered Doubful	7.88	7.88
		337.75	113.04
	Less:Provision for Doubtful Advance	7.88	7.88
		329.87	105.16
B14	INVENTORIES		
	Raw Materials and components	3730.94	3869.91
	Material and components in transit	564.79	420.93
	Work-in-progress	11490.19	9962.78
	Finished goods	6248.08	6695.27
	Stock in Trade	445.01	434.24
	Stores and spares	1370.41	1529.94
	Tools and instruments	789.96	817.46
	Scrap	130.31	111.70
		24769.69	23842.23
	Less: Provision for Non-moving Inventories	5232.68	5097.69
		19537.01	18744.54

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B15	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period less than six months from the date they are due for payment:		
	Considered good	4953.66	8330.41
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	Considered good	4231.88	3949.06
	Considered doubtful	13890.92	12677.45
		23076.46	24956.92
	Less: Provision for doubtful debts	13890.92	12677.45
		9185.54	12279.47
	*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	58.09	493.94
	Balance with Banks in Current account	4269.44	1247.47
	Balance with Banks in Deposit account*	9034.13	3773.93
	With Post Office in Savings Bank Accounts**	102.75	7.71
		13464.41	5523.05
	* Includes		
	Deposits with maturity of 3 months or less	140.78	53.29
	Deposits with more than 12 months maturity	1405.98	859.17
	Deposits held as margin money or security against guarantees & other commitments	1304.22	1740.95

** Pass Books deposited with Central Excise Authorities.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
B17	SHORT TERM LOANS AND ADVANCES*		
	SECURED, CONSIDERED GOOD:		
	Advances	9.49	7.93
		<u>9.49</u>	<u>7.93</u>
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	UNSECURED		
	Considered Good	6084.62	5626.38
	Considered Doubtful	934.98	932.54
		<u>7019.60</u>	<u>6558.92</u>
	Less: Provision for doubtful advances	934.98	932.54
		<u>6084.62</u>	<u>5626.38</u>
	OTHER ADVANCES		
	UNSECURED CONSIDERED GOOD		
	Balance with Collectors of Customs, Central Excise, etc.,	43.40	46.88
	Deposits	777.67	927.20
	Advance Income Tax/TDS Receivable	313.23	423.97
	Advance Fringe Benefit Tax	1134.30	1398.05
		<u>7228.41</u>	<u>7032.36</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	496.55	449.75
	Interest on Trade Receivable	6190.76	6129.12
	Less: Provision for interest on Trade Receivable	5186.84	5104.39
		<u>1003.92</u>	<u>1024.73</u>
		<u>1500.47</u>	<u>1474.48</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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	589.16	430.74
	ii) Sales Tax	459.96	645.11
	iii) Customs Duty	207.70	212.29
	iv) Property Tax	1064.25	1064.25
	v) Others	135.43	45.84
	B. Employee related claims relating to Lockouts, Back wages Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	1017.14	1554.27
	C. Others		
	Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	5315.02	5539.62
1.2	Guarantees/Counter Guarantees issued	664.93	699.55
1.3	Additional Bonus, if any, for the year 1985-86 (Para 10.1)	-	7.15
1.4	Liability towards interest, penalty/damages as per 7Q and 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952	5511.24	4987.91
1.5	Non receipt of related Forms against levy of concessional Sales Tax	3064.93	2890.60
	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	225.34	186.87
3	Issued, Subscribed and paid -up capital includes 7,60,35,014 (Pre - vious year 84,96,400) Equity Shares of ₹ 10/- each disinvested by Government of India to Financial Institutions and Mutual Funds. Percentage of Capital disinvested	10.00%	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 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,		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
	1956 and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
5	<p>Preference Share Capital</p> <p>The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of ₹ 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010. out of sale of surplus immovable Properties of HMT-MTL</p> <p>Since the title deeds in respect of the identified immovable properties are not mutated in the name of the HMT-MTL, the sale of these properties will have to been approved by the Government as part of the Revival Plans of the Company (HMT Ltd). The Preference Share Capital will be redeemed upon sale of immovable property.</p>		
6	<p>Loan from Bank</p> <p>HMT Ltd. had availed Loan from Dena Bank and the same has been settled under one Time Settlement (OTS) for ₹ 98650000/- by sale of Land to the bank during the year 2003-04. However, the sale could not be completed due to certain issues in registering the sale of the land. In view of this, the Bank approached the Hon'ble Sole Arbitrator in the Permanent Machinery of Arbitration (PMA) set up GOI in the DPE. As stipulated in the Award of PMA dated 29.10.2013, the Company is liable to pay simple interest on the Loanamount @11.50%p.a. from 1.1.2002 to 31.05.2013 and @15%p.a. from 1.6.2013, till the date of settlement. Accordingly, the Board of Directors of the Company have approved for reinstatements of Land at original cost in the books of the Company, reversal of the income accounted during the year 2003-04 and also reinstatement of Loan to the extent of ₹ 98650000/- originally due to Dena Bank.</p>		
7	<p>Deferred Tax Asset/Liability</p> <p>Accounting for Taxes as per Accounting Standard-22. Deferred Tax balance as at March 31, 2014 comprising the timing difference between the profit as per financial statements and as per Income Tax is made up of:</p>		
	Deferred Tax Assets (Net) Opening Balance	(117.02)	(115.47)
	On Depreciation to Fixed Assets	(2.13)	(1.55)
	Deferred Tax Assets (Net) Closing Balance	(119.15)	(117.02)

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
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	453.53	689.23
	8.2 Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	868.22	815.35
	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	130.74	272.40
	9.2 Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	563.91	540.25
	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	5.48	28.37
	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	3889.77	3984.17
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	662.79	854.14
	(ii) Interest due thereon	364.47	331.93
	(b) Amount of interest paid along with the amounts of payment made to the the supplier beyond the appointed day during the year	3.76	-
	(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	-	-

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2014	As at 31-03-2013
	(d) Amount of interest accrued and remaining unpaid as at the end of each accounting year		
	2013-14	60.94	
	2012-13	83.43	110.72
	2011-12	72.58	72.59
	2010-11	60.40	60.38
	2009-10	55.24	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	17.73	18.31
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 31.3.2014, 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	The GOI has accorded approval for Revival and Restructuring Plan of HMT Limited on 18th April 2013 and the Company has received funds of ₹ 21700.00 lakhs by way of 8% preference share capital and ₹1146.00 lakhs by way of 7% bridge loan during the year 2013-14. As per the approved plan GOI has converted ₹ 44374.15 lakhs of GOI loans into equity and waiver of interest on GOI loans of ₹ 20187.24 lakhs upto 31.3.2012 and guarantee fee of ₹ 375.92 lakhs. Further, interest beyond 31.3.2012 is also waived off. The waivers have been considered as exceptional items in the statement of profit and loss during the year 2013 - 14. Further, GOI has accorded approval for waiver of interest on GOI loans ₹ 3858.07 lakhs, as on 31.3.2014, in respect of HMT Machine Tools Ltd., a subsidiary company and the same has been considered as an exceptional item.		
17	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.		
18	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 31-03-2014	Year ended 31-03-2013
P1	GROSS REVENUE FROM OPERATIONS*		
	INLAND		
	TRACTOR AND OTHERS		
	Tractors	6241.07	8128.67
	Food Processing Machinery	738.00	838.93
	Accessories	169.73	167.02
	Sundry jobs and miscellaneous sales	813.37	952.12
	Packing / Forwarding charges	8.41	8.36
		<u>7970.58</u>	<u>10095.10</u>
	MACHINE TOOLS		
	Machine Tools	13586.21	18597.63
	Accessories	2171.60	2580.84
	Sale of services	169.55	160.84
	Sundry jobs and miscellaneous sales	1500.03	2160.32
	Packing/forwarding charges	97.65	123.54
		<u>17525.04</u>	<u>23623.17</u>
	WATCHES		
	Watches	784.13	1003.07
	Sale of services	3.35	5.96
	Sundry jobs and miscellaneous sales	48.44	117.19
	Packing/forwarding charges	15.36	15.92
		<u>851.28</u>	<u>1142.14</u>
	BEARINGS		
	Ball & Roller Bearings	1631.28	1253.64
		<u>1631.28</u>	<u>1253.64</u>
	EXPORTS		
	Sales & Commission	520.87	834.03
	Technical Services	2.07	74.67
	Project Works	587.39	1346.81
		<u>1110.33</u>	<u>2255.51</u>
		<u>29088.51</u>	<u>38369.56</u>

* Nett of Trade Discount

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P2	JOBS DONE FOR INTERNAL USE		
	Capital Works	-	-
	Shop manufactured Special Tools	400.51	441.46
		400.51	441.46
P3	OTHER INCOME		
	Recoveries from Staff/Others	243.91	317.52
	Royalties	4.50	0.23
	Rent received	1056.86	623.62
	Profit on sale of assets	49.09	62.09
	Interest Income		
	On Bank Deposits	479.07	479.72
	Interest from Dealers/Others	336.94	550.19
	Dividend from Subsidiaries	14.40	14.40
	Provisions no longer required withdrawn	1285.30	1598.09
	Bad Debts realised	-	412.97
	Grant received from GOI	17.09	-
	Miscellaneous Income	972.66	1206.68
		4459.82	5265.51
P4	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	3869.91	4143.43
	Purchases	10974.83	13091.37
		14844.74	17234.80
	Less: Closing Stock	3730.94	3869.91
	Less: Prior period consumption	-	1655.92
	Cost of Materials Consumed	11113.80	11708.97
	Consumption of Stores, Spares, Tools & Pkg.Matls.*	3433.73	4668.87
		14547.53	16377.84
	* Includes Stores and Spares parts for:		
	Repairs to Machinery	35.33	33.39
	Repairs to Building	1.79	5.27
P5	PURCHASES OF STOCK IN TRADE		
	Purchases of Stock in Trade	850.68	1760.07
		850.68	1760.07

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P6	CHANGES IN INVENTORIES OF WIP, FINISHED		
	GOODS, SIT & SCRAP		
	WORK IN PROGRESS		
	Closing Balance	11490.19	9962.78
	Opening Balance	9962.78	7701.71
		<u>(1527.41)</u>	<u>(2261.07)</u>
	FINISHED GOODS		
	Closing Balance	6248.08	6695.27
	Opening Balance	6695.27	8160.97
		<u>447.19</u>	<u>1465.70</u>
	STOCK IN TRADE		
	Closing Balance	445.01	434.24
	Opening Balance	434.24	475.84
		<u>(10.77)</u>	<u>41.60</u>
	SCRAP		
	Closing Balance	130.31	111.70
	Opening Balance	111.70	145.33
		<u>(18.61)</u>	<u>33.63</u>
		(1109.60)	(720.14)
P7	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	19290.27	18083.60
	House Rent Allowance	630.90	641.72
	Gratuity	3845.23	2469.23
	Contribution to PF & FPS	2064.22	1998.90
	Deposit Linked Insurance	46.07	53.03
	Contribution to ESI	27.09	30.35
	Welfare Expenses	2726.63	2816.60
		<u>28630.41</u>	<u>26093.43</u>
	* Includes		
	Wages for Repairs to Machinery	710.46	629.53
	Wages for Repairs to Building	51.72	46.70
P8	DEPRECIATION AND AMORTISATION		
	Depreciation	1303.93	1406.32
	Amortisation of Intangible Assets	20.43	7.18
		<u>1324.36</u>	<u>1413.50</u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P9	OTHER EXPENSES		
	Power and Fuel	1474.37	1513.44
	Rent	112.43	114.41
	Rates and Taxes	405.60	548.53
	Excise Duty	142.79	215.88
	Insurance	54.41	58.23
	Water and Electricity	602.96	511.68
	Repairs to building	42.42	48.65
	Repairs to machinery	61.67	58.53
	Printing and Stationery	66.29	77.28
	Rebate on Sales	139.99	204.64
	Advertisement and Publicity	47.56	75.90
	Training expenses	81.09	159.52
	Auditors Remuneration #	13.20	10.71
	Provision for loss in value of investment	325.86	-
	Other Agents Commission	1.37	3.37
	Provision for Doubtful Debts, Loans and Advances	9403.60	531.92
	Provision for Non Moving Inventories	346.64	405.08
	Provision for Contingencies	34.14	164.82
	Warranty claims	180.10	201.19
	Loss sustained by PF Trust	236.13	382.01
	Loss on Assets sold	0.14	-
	Amortisation of Special Tools	363.50	364.58
	Bad Debts / Advances written off	269.93	93.93
	Carriage outwards	234.70	327.57
	Travelling Expenses *	473.70	532.98
	Miscellaneous Expenses **	1832.47	1702.23
		16947.06	8307.08
	# As Auditor	6.94	6.46
	For taxation matters	2.33	2.32
	For other services	0.38	0.23
	Reimbursement of expenses	1.12	0.80
	Service tax	0.48	0.47
	Cost Audit Fee & expenses	1.95	0.43

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P10	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	23328.98	29449.01
	Cash Credit loans from Banks	1120.37	1152.29
	HMT Bonds	334.55	669.31
	Short Term Loan from Bank	167.88	284.26
	Others	991.30	943.43
	Other Borrowing Cost		
	Finance Charges	14.42	8.06
	Bank / Discounting Charges	220.42	270.07
	(Gain) / Loss on Foreign currency transactions (Net)	42.38	10.33
		<u>26220.30</u>	<u>32786.76</u>
P11	EXCEPTIONAL ITEMS		
	Income		
	Interest Waiver on GOI Loans	24045.31	
	Withdrawal of Interest on GOI Loans	8554.14	
	Interest Waiver on One Time Settlement	975.40	638.54
	Guarantee Fee Waiver	375.92	-
		<u>33950.77</u>	<u>638.54</u>
	Less : Expenses		
	VRS Compensation	386.67	2105.03
	Reversal of Income on land sale reversal	986.41	
	Interest on Loan from Bank	1418.10	
	Guarantee fee expenses	187.96	
		<u>2979.14</u>	<u>2105.03</u>
		<u>30971.63</u>	<u>(1466.49)</u>
P12	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	0.82	1655.92
	Employee benefit expenses	3.55	
	Other Expenses	36.78	36.78
	Other Income	(83.15)	(83.15)
	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>
		<u>95.78</u>	<u>1609.55</u>
P13	EXTRA ORDINARY ITEMS	-	-

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
P14 Additional Information to Statement of Profit and Loss			
1	Sales is net off sales returns		
	Sales returns in respect of		
	a Tractors & Spares	85.90	771.66
	b Machine Tools	0.65	2.62
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.	812.26	701.21
	b Provision for Settlement Allowance made based on Actuarial Valuation	169.27	186.23
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 and HMT (International) Ltd].	3845.23	2469.23
4	Value of Special Tools individually costing less than ₹ 750 written off during the year.	58.65	64.29
5	Revenue expenditure on Research & Development charged to Statement of profit & loss	446.86	380.75
6	Consumption of Raw materials and components		
	Steel	473.18	701.02
	Non-ferrous Metals	14.50	40.37
	Ferrous Castings	1035.21	987.06
	Non-ferrous Castings	53.05	46.49
	Forgings	532.51	325.89
	Standard parts	2197.47	2682.53
	Components	6640.37	6682.43
	Others	167.51	243.18
		11113.80	11708.97
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	
		2013-14	2012-13
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	(60 years in HMT Ltd. & HMT (I) Ltd.)
2 Future Salary escalation	7% p.a.	
3 Rate of discount	8% p.a.	
4 Attrition rate	1 to 3% depending on age	
5 Mortality rate	LIC (1994-96) Ultimate	

The provision for gratuity as on 31-03-2014 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 ₹ 17938.29 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2013-14	2012-13
1 Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	2331.29	2519.92
Interest cost	186.50	201.59
Current Service Cost	19.03	18.91
Benefits Paid	295.01	302.17
Actuarial (gain)/loss on obligations	(37.36)	(106.96)
Present value of obligation as at end of year	2204.45	2331.29
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets of beginning of year	2827.92	2684.98
Expected return on plan assets	248.15	246.35
Contributions	450.86	198.76
Benefits paid	295.01	302.17
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	3231.92	2827.92
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	2827.92	2684.98
Actual return on plan assets	248.15	246.35
Contributions	450.86	198.76
Benefits Paid	295.01	302.17
Fair value of plan assets at the end of year	3231.92	2827.92
Funded status	1027.47	496.63

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	17525.04	851.28	7970.58	1631.28	1110.33	29088.51
- Intra Segment Turnover	-	-	-	-	-	-
- Inter Segment Turnover	-	-	-	-	-	-
Gross Turnover	17525.04	851.28	7970.58	1631.28	1110.33	29088.51
Less: Excise Duty	1622.79	63.44	126.23	197.14	0.00	2009.60
Net Turnover	15902.25	787.84	7844.35	1434.14	1110.33	27078.91
2 Segment Result before interest						
PPA, EOI & Taxes	(6564.89)	(7112.16)	(15376.29)	(189.47)	(8.39)	(29251.20)
Interest	2558.42	20877.52	1433.69	1408.58	(57.91)	26220.30
Profit before Exceptional, Extra Ordinary items, PPA and Taxes	(9123.31)	(27989.68)	(16809.98)	(1598.05)	49.52	(55471.50)
Exceptional Items	3858.07	(386.67)	27500.23	-	-	30971.63
Prior period adjustments (PPA)	0.66	(13.09)	108.21	-	-	95.78
Profit before Extra Ordinary Items	(5265.90)	(28363.26)	10582.04	(1598.05)	49.52	(24595.65)
Extra Ordinary Items	-	-	-	-	-	-
Profit/(Loss) before Tax	(5265.90)	(28363.26)	10582.04	(1598.05)	49.52	(24595.65)
Current Tax	-	-	1861.45	-	37.03	1898.48
Deferred Tax	-	-	-	-	2.13	2.13
Profit/(loss) after Tax	(5265.90)	(28363.26)	8720.59	(1598.05)	10.36	(26496.26)
3 Other information						
Segment Assets	32344.41	6690.96	18260.42	3079.72	3479.79	63855.30
Segment Liabilities	56691.93	224911.51	41400.95	12176.91	830.24	336011.54
Capital Expenditure	0.50	-	12.17	6.91	0.57	20.15
Depreciation	896.92	54.10	340.16	15.41	17.77	1324.36
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	27978.18	- Within India		336011.54
- Outside India	1110.33	- Outside India		-
Total	29088.51	Total		336011.54
2. Segment Assets		4. Segment Capital Expenditure		
- Within India	63855.30	- Within India		20.15
- Outside India	-	- Outside India		-
Total	63855.30	Total		20.15

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)	
		2013-14	2012-13
	Advances given for expenses	4.34	2.24
	Advances reimbursed by the Company	4.34	-
4	Outstanding at the year end		
	- Advance receivable	2.45	4.34

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 20

- EARNINGS PER SHARE (EPS)

Particulars	2013-14	2012-13
Profit/(loss) for the period as per Statement of Profit & Loss (₹ in Lakhs)	(26496.26)	(48024.16)
Weighted Average number of Equity Shares (in Nos)	760350140	760350140
Basic and Diluted Earning per Share (₹)	(3.48)	(6.32)
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 01-04-2013		212.20
Additions during 2013-14		171.43
Total		<u>383.63</u>
Less: Used during 2013-14		
Utilised	141.94	
Withdrawn	73.60	215.54
Closing Balance as on 31-03-2014		<u>168.09</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	(₹ in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) Before Tax and Extra-ordinary Items	(24,595.65)	(47,787.61)
Adjustment for:		
Depreciation	1,324.36	1,413.50
Exceptional Items - Interest Wavier etc.,	31,358.30	(638.54)
Profit on Sale of Fixed Assets (net)	(48.95)	(62.09)
Amortisation of Special Tools	363.50	364.58
Foreign Exchange (net)	42.38	10.33
Interest debited (Net)	25,127.07	31,468.39
Dividend received	(14.40)	(14.40)
Provision for Obsolescence, Doubtful debts, Advances	8,824.94	(496.27)
	(4260.60)	32,045.50
 Operating Profit Before Working Capital Changes	 (20335.05)	 (15742.11)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	1346.52	2235.63
(Increase)/Decrease in Inventories	(927.46)	(200.16)
(Increase)/Decrease in Other Current Assets	(135.00)	(540.49)
Increase/(Decrease) in Trade payables	3373.31	656.14
	3657.37	2151.12
 Cash Generated From Operations	 (16677.68)	 (13,590.99)
Direct Taxes paid	(307.26)	(41.69)
Cash Flow Before Extra - ordinary Items	(16984.94)	(13,632.68)
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(16984.94)	(13,632.68)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(23.02)	(1492.90)
Sale proceeds of Fixed Assets	52.04	64.96
Sale of Investments	-	-
Dividend Received	14.40	14.40
Interest Received	479.07	479.72
 NET CASH USED IN INVESTING ACTIVITIES	 522.49	 (933.82)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(₹ in lakhs)

	Year ended 31.03.2014	Year ended 31.03.2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	66074.15	-
Proceeds from Long Term/Short Term Borrowings	13252.01	16256.75
Repayment of Long Term/Short Term Borrowings	(51557.52)	(802.30)
Repayment of Finance Lease Liabilities	-	-
Exchange Difference (net)	(42.38)	(10.33)
Dividends paid	-	-
Interest Paid	(3322.45)	(3060.74)
NET CASH USED IN FINANCING ACTIVITIES	24403.81	12383.38
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	7941.36	(2183.12)
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	5523.05	7706.17
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	13464.41	5523.05
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	7941.36	2183.12

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)

 Girish Kumar
 Chairman & Managing Director

 Rajesh Kumar Singh
 Director

 B.K. Subash
 Company Secretary

 (CA. G.S. Krishna Murthy)
 Partner (M.No. 013841)

 Place : New Delhi
 Date : 23-07-2014

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES OF HMT LIMITED FOR THE YEAR ENDED 31st MARCH 2014

(₹ 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	(97391.79)	(225222.38)	(53451.85)	(13037.26)	3109.35
c)	Total Assets	32344.41	5638.48	1052.48	3079.72	3479.79
d)	Total Liabilities	56691.93	178598.52	46312.99	12176.91	830.24
e)	Investments	-	-	-	41.15	-
f)	Turnover	17525.04	811.90	39.38	1631.28	1110.33
g)	Profit/(Loss) before Taxation	(5265.90)	(23307.59)	(5055.67)	(1598.05)	49.52
h)	Provision for Taxation	-	-	-	-	39.16
i)	Profit/(Loss) after Taxation	(5265.90)	(23307.59)	(5055.67)	(1598.05)	10.36
j)	Proposed Dividend (%)	Nil	Nil	Nil	Nil	10%