

HMT LIMITED

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BOARD OF DIRECTORS

Shri. S. Girish Kumar	Chairman & Managing Director
Dr. Subhash Chandra Pandey	Director (w.e.f. 13.04.2016)
Shri. Vishvajit Sahay	Director
Shri. P. Sivarami Reddy	Director (Operations) (Upto 30.06.2016)
Smt. Shashi B. Srivastava	Director, Finance (w.e.f. 01.07.2016)

CHIEF VIGILANCE OFFICER

Shri. R. N. Lakshmi Narasimha	Chief Vigilance Officer
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STATUTORY AUDITORS

M/s DOKANIA S KUMAR & CO.
Chartered Accountants

BANKERS

UCO Bank
Punjab National Bank

REGISTERED OFFICE

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

PERFORMANCE HIGHLIGHTS

(₹ in Lakhs)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING STATISTICS										
Sales	4643	6147	7971	10095	16112	20086	19164	16098	17108	22729
Other Income *	11087	3247	30518	4756	4658	5475	1078	1425	1267	11458
Materials	2113	3570	6319	5365	12118	13746	12083	10596	14064	15125
Employee Costs	9813	9978	9030	7070	7499	8371	6762	6367	6472	6106
Other Costs	2803	2837	11754	4090	2906	3140	3252	4811	4080	8351
Depreciation	257	271	340	355	440	387	392	340	299	321
Earnings before Interest	59	(7821)	12016	(4135)	735	(16)	(3323)	(5664)	(4466)	3639
Interest	2533	1836	1434	10403	8955	7908	1968	1234	131	(409)
Earnings/(Loss) before Tax	(2474)	(9657)	10582	(14538)	(8220)	(7924)	(5291)	(6898)	(4597)	4048
Taxation (net off withdrawal/refunds)	-	-	1861	-	-	-	-	181	(130)	(1382)
Net Earnings	(2474)	(9657)	8721	(14538)	(8220)	(7924)	(5291)	(7079)	(4467)	5430
FINANCIAL POSITION										
Net Fixed Assets	2171	2400	2831	3159	3507	3868	4028	4094	3751	3342
Current Assets	9403	64307	67742	68604	70619	65557	72668	71078	73167	112729
Current Liabilities & Provisions	33624	25217	21881	26928	25701	24309	21437	19445	19653	20914
Working Capital	(24221)	39090	45861	41676	44918	41248	51231	51633	53514	91815
Capital Employed	(22050)	41490	48692	44835	48425	45116	55259	55727	57265	95157
Investments	76390	76390	76390	76556	76556	76556	76556	76571	76571	76571
Miscellaneous Expenditure	-	-	-	-	-	-	-	29	197	380
Borrowings	15094	13846	11246	82349	71401	59871	62091	57312	52098	85553
Net Worth	39246	104034	113838	39043	53581	61800	69724	74986	81897	86181
OTHER STATISTICS										
Capital Expenditure	30	8	12	7	81	227	327	681	707	230
Internal Resources Generated	(2217)	(9386)	10922	(14183)	(7780)	(7537)	(4899)	(6739)	(4168)	5751
Working Capital Turnover Ratio	(0.19)	0.16	0.17	0.24	0.36	0.49	0.37	0.31	0.32	0.25
Current Ratio	0.28	2.55	3.10	2.55	2.75	2.70	3.39	3.66	3.72	5.39
Return on Capital(%)	0.61	(17.34)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)	(5.86)	3.84
Employees (Nos)	1220	1421	1434	1442	1699	1904	2088	2205	2296	2383
Per Capita Sales	3.81	4.33	5.56	7.00	9.48	10.55	9.18	7.30	7.45	9.54

* Includes Extra Ordinary /Exceptional Items

DIRECTORS' REPORT

To
The Members,
HMT Limited
Bangalore

Dear Members,

The Board of Directors has pleasure in presenting the 63rd Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2015-16 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

Financial summary / Performance of the Company (Standalone)

(₹ in Crore)

Particulars	2015-16	2014-15
Gross Revenue from Operations	46.43	61.47
Profit Before Depreciation and Finance Costs	3.15	(75.48)
Depreciation	2.57	2.71
Gross Profit/(Loss)	0.58	(78.19)
Finance Cost	25.33	18.36
Net profit before exceptional Items and PPA	(24.75)	(96.55)
Add : Exceptional Items	-	-
Less : Prior Period Adjustments	(0.01)	0.02
Net Profit before Tax	(24.74)	(96.57)
Provision for Tax	-	-
Net Profit After Tax	(24.74)	(96.57)
Profit/Loss carried forward to Balance Sheet	(24.74)	(96.57)

BUSINESS SCENARIO

As per the provisional estimates of national income released by Central Statistics Office on 31st May 2016, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2015-16 is estimated at 7.6 per cent, as compared to the growth of 7.2 per cent in 2014-15.

The growth in Gross Value Added (GVA) at constant (2011-12) basic prices for the year 2015-16 is estimated at 7.2 per cent as compared to the growth of 7.1 per cent in 2014-15.

At the sectoral level, the growth rate of GVA at constant (2011-12) basic prices for agriculture & allied sectors, industry and services sectors for the year 2015-16 are estimated at 1.2 per cent, 7.4 per cent, and 8.9 per cent respectively.

Overall growth in the Index of Industrial Production (IIP) was 2.1 per cent in June 2016 as compared to 4.2 per cent in June 2015. The IIP growth during the first quarter (April-June) of 2016-17 was 0.6 per cent as compared to 3.3 per cent during the corresponding period of previous year. The low growth in IIP is mainly due to contraction in capital goods and consumer non-durable goods sectors.

Eight core infrastructure industries grew by 5.2 per cent in June 2016 as compared to growth of 3.1 per cent in June 2015. The growth of core industries during the first quarter (April-June) of 2016-17 was 5.4 per cent as compared to 2.5 per cent during the corresponding period of previous year.

The production of manufacturing sector grew by 0.9 per cent in June 2016 as compared to 5.2 per cent in the corresponding month of previous year. In terms of use based classification, sectors like basic goods, intermediate goods, consumer goods registered positive growth, while capital goods registered negative growth in June 2016.

Merchandise exports and imports declined by 6.8 per cent and 19.0 per cent (in US dollar terms) respectively in July 2016 over July 2015. During July 2016, oil imports and non-oil imports declined by 28.1 per cent and 15.8 per cent respectively over July 2015. During April-July 2016, merchandise exports declined by 3.6 per cent while merchandise imports declined by 16.3 per cent.

The growth in GDP in Q4 (January-March) of 2015-16 is estimated at 7.9 per cent as compared to the growth of 6.7 per cent in the corresponding quarter of 2014-15. GDP growth during the first three quarters of 2015-16 was 7.5 per cent, 7.6 per cent and 7.2 per cent respectively.

Operating Results

In the Company's main business portfolio of Tractors, the market indicators reveal that the industry recorded de-growth of 10% in terms of quantity. Your Company had to face severe pressure on performance during the year due to lack of working capital.

Your Company recorded a Production of ₹ 37.18 Crore (633 Nos. of Tractors) as against ₹ 53.66 Crore (1078 Nos. of Tractors), in the previous year, and Sales of ₹ 45.43 Crore (733 Nos. of Tractors) compared to ₹ 60.28 Crore (1127 Nos. of Tractors) in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of ₹ 249.69 Crore and Sales of ₹ 284.62 Crore for the year 2015-16.

During January 2016, CCEA has approved closure of the subsidiaries, HMT Watches, HMT Chinar Watches and HMT Bearings and the Administrative Ministry has directed the Company to take requisite action for the process of closure.

The Government of India vide letter no. 1-0501/8/2015-PE.X dated 4th November 2016 communicated CCEA approval for Budgetary support to HMT Ltd for payment of outstanding salary/wages and has also approved for Closure of operations at HMT Tractor Division with offer of attractive and improved VRS/VSS package to allow ex-gratia and terminal benefits based on 2007 notional pay scales, in relaxation of DPE guidelines disallowing pay revision in sick/loss-making CPSEs, as against the current pay scales of 1997, to all the employees of Tractor Division. Employees not opting for VRS would be retrenched under the Industrial Disputes Act, 1947 as the Tractor Division is proposed to be closed down.

The Government of India has also approved for Infusion of funds of ₹ 718.72 Cr as interest free loan for the said VRS/VSS with ex-gratia and terminal benefits based on 2007 notional pay scales for all employees of the Tractor Division (₹ 335.00 Cr), clearing of employee related liabilities of HMTL (₹ 271.05 Cr) and settlement of other liabilities in respect of HMT Tractor Division (₹ 112.67 Cr).

The Government of India has also approved for Restructuring of Balance Sheet of HMTL by reduction of paid-up capital to the extent of accumulated losses of Tractor Division amounting Rs. 848.49 Crore against Govt. of India paid up equity shareholding in the Company of Rs. 1204.09 Crore and write-off of Govt. loans provided to HMT Ltd. (Rs. 72.02 Cr) along with accrued interest (Rs. 18.56 Cr) to be frozen as on 31.03.2016, with no further liability of interest.

Further, the process of transferring of land to Govt. of Haryana (GoH) on mutually agreed terms and negotiation of suitable compensation will be undertaken in a time bound manner

after the due approval. In addition, sale of other assets, which will become surplus after closure of the Tractor Division. The Company would explore the possibilities of using the productive resources, for example, factory premises of HMT Tractor Division with clearly demarcated land and buildings, plants and machineries, for leasing out on 'As is Where is' basis to interested private parties engaged preferably in Capital Goods or Auto sector, on medium or long term basis after duly safeguarding the GoI interest. Failing this, an alternative option for strategic sale of the HMT Tractor Factory, Pinjore to national or International parties may be explored in consultation with DIPAM.

FUTURE OUTLOOK

The Machine Tools Industry demand projections are based on CAGR of around 15% although the industry expectations of growth are much higher.

The National Manufacturing Policy in **Make in India** program envisages manufacturing growth of 12 to 14 % per annum. The Policy is aimed at increasing the share of manufacturing in the country's Gross Domestic Product (GDP) from 16 % to 25 % by the year 2022. The policy also envisages creating of National Investment & Manufacturing zones which will help in creating demand for machine tools.

Increased allocation in Defence Sector, India has the potential to emerge as a global platform for Defence research, manufacturing, supply chain sourcing, software development, and offsets, which will strengthen our defence capabilities and spur industrial development as well as exports in this sector.

The Company proposes to further its initiatives in "**Skill India**" projects of the Government to train youth to become employable and contribute to the "**Make in India**" initiatives of the Government. Skill Development Centres are being planned at six locations across India.

To make the Company viable and vibrant, a Restructuring Plan is now being formulated by the Company with focus on achieving technology leadership capabilities in the core business of Machine Tools, in view of the enormous potential of the sector.

DIVIDEND & PROVISIONS

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

Share Capital

The Authorised Share Capital of the Company is ₹ 2100 Crore and Paid up Share Capital is ₹ 1240.95 Crore

Fixed Deposits:

The Company has not accepted any deposits from the public and hence there is no violation of Chapter V of Companies Act 2013, and the corresponding rules made there under. Receipt of any commission by MD / WTD from the Company

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

Please refer Annexure to Directors Report

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the Financial year 2015-16, the Company has not received any complaints of Sexual Harassment.

Fraud Reporting

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

Corporate Social Responsibility (CSR) Policy

[Pursuant to sub-section (3) (o) of Section 134 of the Companies Act, 2013] consequent upon appointment of Independent director on the Board of the Company, the CSR Committee will be constituted.

Enterprise Risk Management:

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

Particulars of Employees:

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

SUBSIDIARY COMPANIES**HMT Machine Tools Limited**

This company executed orders for several critical Machines and procured prestigious orders from strategic sectors & auto sectors during the year. The Company also initiated various product developments, Technology development & Technology Tie-ups making it an eventful year. During the year the inflow of orders from Railways & Defence sector has also gone up by 168% and 30% respectively. The Subsidiary achieved Sales of ₹197.62 Crore against ₹ 172.15 Crore and Production is ₹ 201.44 Crore as against ₹ 181.50 Crore, in the previous year. Net loss reported is ₹ 121.64 Crore during the year 2015-16 against reported loss of ₹ 134.94 in previous year.

HMT (International) Limited

The Subsidiary achieved a turnover of ₹ 33.91 Crore during the year 2015-16 as against ₹ 33.40 Crore recorded in the previous year 2014-15. The Order procurement during the year is ₹ 9.43 Crore as against ₹ 82.08 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary could achieve Profit Before Tax (PBT) of ₹ 0.87 Crore against ₹ 1.66 Crore reported in previous year. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 20% for the year 2015-16 on its Paid-up equity share capital

HMT Watches Limited

This Subsidiary achieved Sales of ₹ 4.32 Crore and Production of ₹ 0.94 Crore during the year under review. The Net Loss for the year stood at ₹ 159.71 Crore. Consequent to Govt. decision for closure 794 employees were relieved on VRS.

HMT Chinar Watches Limited

The Subsidiary achieved Sales to ₹ 0.11 Crore during the year with NIL Production for the year. The Subsidiary incurred a Net loss of ₹ 9.51 Cr. Consequent to Govt. decision for closure of the company all the employees were relieved on VRS.

HMT Bearings Limited

During the year under review, the Subsidiary achieved Sales of ₹10.34 Crore, against the Previous Year's Sales of ₹ 14.75 Crore. In terms of Production the Company achieved ₹ 10.13 Crore compared to the Previous Year's Production of ₹ 14.20 Crore. Profit Before Tax registered at ₹ (-) 8.09 Cr during 2015-16 as against ₹ (-) 17.78 Cr. reported during previous year. Consequent to Govt. decision for closure of the company all the employees were relieved on VRS.

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 2015-16, this Company showed a Profit after tax of ₹ 0.67 Lakhs only on account of the interest income of ₹ 3.55 Lakhs, on the fixed deposits kept with the Banks.

Gujarat State Machine Tools Corporation Ltd

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

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2015-16, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

In terms of the General Circular No. 2/2011 dated 8th February, 2011, issued by the Central Government in terms of Section 212(8) of the Companies Act, 1956, the Directors have consented not to attach copy of the Balance Sheet,

Profit and Loss Account, Report of the Board of Directors and Auditors of the five (5) Subsidiary Companies viz., HMT Machine Tools Limited; HMT Watches Limited; HMT Chinar Watches Limited; HMT Bearings Limited and HMT (International) Limited and one (1) Joint Venture Company i.e. SUDMO- HMT Process Engineers (India) Limited to the Balance Sheet of the Company (Holding Company). However, these documents will be made available upon request by any member of the Company interested in obtaining the same. Further, in compliance with the conditions of the above referred Government circular, the financial information of each of these subsidiary Companies have been furnished as part of the Consolidated Balance Sheet of the Company. The annual accounts and other detailed information of each of the Subsidiary companies will be available for inspection by any member at the Registered Office of the Company.

HUMAN CAPITAL

Information in accordance with the Companies Act, 2013 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2015-16.

The employee strength of the Company as on March 31, 2016, stood at 3795 Nos comprising of various categories of employees in manufacturing plants and other offices in technical and other professional areas.

The number of employees on the rolls of the Company as on March 31, 2016 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	252
Scheduled Tribes	31
Other Backward Classes	89
Ex-Servicemen	5
Persons with Disabilities	14
Women employees	37
Minorities	181

INDUSTRIAL RELATIONS

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

IMPLEMENTATION OF OFFICIAL LANGUAGE

The efforts towards implementation of Official Language Act, Rules & Policy as per the directives of the Government in the Company is continuous. The Official Language Implementation Committee have been constituted in all the Units of the Company and the Subsidiaries, including the Corporate Office at Bangalore to monitor implementation of Official Language Act, Rules, Policy, etc. which meets at regular intervals in every quarter.

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of September, 2015. Various competitions in Hindi such as Hindi Story Writing, Hindi News Paper Reading, Hindi Quiz Writing, Hindi Conversation, Hindi Antyakshari, etc., were organized and participants were awarded prizes. A workshop was organised during the above period. The Hindi Magazines/Newspapers are being procured to propagate the usage of Hindi among employees. The concerned Officials of the Company regularly take part in the meetings of the Town Official Language Implementation Committee.

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

VIGILANCE ACTIVITIES

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

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

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

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

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

1. Hosting of all open tenders and high value Limited Tenders on www.tenders.gov.in (Website of GOI).
2. Publishing details regarding all purchase orders / contracts concluded during the month of and above the threshold value (presently Rs.5.00 lakhs). This is generally followed by all manufacturing Units.
3. Application form for vendor registration along with list of items required by different Units of HMT Limited and Subsidiaries are made available on Company Website so as to enable the interested vendors to download the application form and submit the same to the Unit of their choice.
4. Efforts are being put to persuade the Managing Directors for switching over to E- Procurement process for all purchases of value Rs. 2 lakhs and above and adopt E-payment mode for making all payments including supplier payment. In many of the Units E payment mode to suppliers is adopted and compliance level is 10 to 20%.

5. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders. Vigilance Awareness Week 2015 was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.
6. A list of **DOs** and **DONTs**, based on CVC Guidelines & Company Purchase Manual, was prepared and

released for the guidance of personnel working in Purchase & Contract department and Vigilance Officers

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 2015 to March 2016 is tabulated below :-

Inspection	Total carried out between April 2015 – March 2016 (by Unit Vigilance Officers)
Periodic Inspection of Purchase Files	1074
Surprise Inspection	228
Scrutiny of Annual Property Returns	60
Inspections done by CVO at Units (April 2015 to March 2016)	(I) HMT MTL Marketing Office Provident Fund, Bangalore (ii) HMT MTL Hyderabad (PTH & MTH) (iii) HMT MTL Pinjore

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, 2016, is also appended.

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

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

- ✓ that in the preparation of the annual financial statements for the year ended 31.03.2016, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended on that date;
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;
- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;

- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ✓ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

Extract of Annual Return

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the prescribed form is placed as Annexure - MGT9.

AUDITORS

M/s Dokania S.Kumar & Co., Howrah, were appointed as Statutory Auditors of the Company for the year 2015-16 by the Comptroller & Auditor General of India. Three firms of Chartered Accountants were also appointed as Branch Auditors for the other Units/Divisions of the Company.

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

Secretarial Audit Report

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

DIRECTORS

Vide Presidential Order No.5(8)/2010-P.E.X dated April 13, 2016 and in terms of Article 67(4) of the Articles of Association of the Company, Shri Subhash Chandra Pandey, AS&FA, Department of Industrial Policy and Promotion holding additional charge of DHI has been appointed as Part-time Official Director on the Board of the Company with immediate effect, until further orders vice Shri S.K.Bahri the then AS & FA.

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

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

Smt. Shashi B. Srivastava (DIN. 07582574), IDAS, was appointed as Director (Finance) on deputation of the Company by the Ministry of Heavy Industries & Public Enterprises vide letter I-.05/14/2014-PE-X dated April 29, 2016 and accordingly was appointed as an wholetime Director of the Company pursuant to Article 67 of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 01.07.2016 and who holds Office upto the date of this Annual General Meeting."

Smt. Shashi B. Srivastava shall not be liable to retire by rotation.

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: 6 Sept. 2016

MANAGEMENT DISCUSSIONS AND DEVELOPMENT

General Economic Environment/Opportunities :

Tractor Industry once again shown a negative growth of 10% during 2015-16 against de-growth of 12% in 2014-15. The demand in the market continues to be marred by weak farm sentiments, a result of stressed farm incomes on account of consecutive crop failures, a second consecutive year of weak south-west monsoon as well as only a modest increase in MSPs of various crops. Additionally, non-agricultural demand has remained weak and a slow pick up in infrastructure and construction activities has constrained demand from haulage purposes.

M&M maintained their market leadership with 41% market share followed by TAFE (23%), Sonalika (12%) and Escorts (10%) during 2015-16. HMT had market share of 0.15 %.

Exports, however registered a marginal growth of 3%. Major market share is captured by large manufacturers

FINANCIAL PERFORMANCE

The turnover of the Company for the year 2015-16 was Rs. 46.43 crores with a Net (Loss) of Rs 24.74crores.

The total borrowing by the Company as 31-03-2016 was Rs. 118.05 crores or which includes Rs. 72.02 crores Govt. of India Loan.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or losses or disposition, and ensuring

that the transactions are authorized , recorded and reported correctly.

- Process for formulating and reviewing annual and long term business plans have been laid down.
- Detailed Annual budget giving further break up of monthly targets under various heads.
- Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- Compliance with laws and regulations.

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

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

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

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

HUMAN RESOURCES

As on 31.03.2016, the Company and its Subsidiaries had a total workforce of 3795 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas.

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

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

Sl. No.	Organisation	No. of employees opted VRS				
		2012-13	2013-14	2014-15	2015-16	Total
1.	HMT Limited	-	-	-	-	-
2.	HMT Machine Tools Ltd.	-	-	-	-	-
3.	HMT Watches Ltd.	51	-	-	321	372
4.	HMT Chinara Watches Ltd.	57	18	-	30	105
5.	HMT Bearings Ltd.	-	-	-	37	37
6.	HMT (International) Ltd.	-	-	-	-	-
	Total	108	18	-	388	514

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

Unity / Subsidiary	SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.3.2016							
	IP as on 31-03-16	Engg. Gradu ates	Diploma Holders	Professionals		ITI/ NAC	General Graduates	Others
HMT Limited	1218	44	111	6	5	727	110	215
HMT M T L	1902	206	365	21	13	769	112	416
HMT WL	640	16	56	1	0	29	36	502
HMT CWL	0	-	0	-	-	-	0	0
HMT BLH	3	1	-	-	-	-	2	0
HMT(I) L	32	11	3	-	-	-	14	2
TOTAL	3795	278	535	29	19	1525	274	1135

PERSONNEL AND INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

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

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

I BOARD OF DIRECTORS

As on March 31, 2016 the Board of Directors comprised of Chairman & Managing Director I/c, Two part-time Official Directors and Director I/c (Operations/Finance). Currently the position of 2 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 2015-16, Five (5) Board Meetings were held on June 18, August 10, September 26, November 6 in the calendar year 2015 and February 12 in the calendar year 2016.

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

Name	Category	Attendance particulars		Number of other Directorships and Committee Member/ Chairmanships held		
		Board Meetings	AGM / EGM	Directorship	Committee	
					Membership	Chairmanship
S.G.Sridhar	C & MD	-	Under Suspension with effect from 15.06.2013 Superannuated on 30.04.2016		-	-
S.Girish Kumar	C & MD	5	Yes	7	-	-
P.Sivarami Reddy	DOP/DFN (I/c)	5	-	3	-	-
S.K.Bahri	NENI	3	-	2	-	-
Vishvajit Sahay	NENI	5	-	4	-	-

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

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

Dr. SUBHASH CHANDRA PANDEY

Dr. Subhash Chandra Pandey, aged 56 years, AS & FA was inducted as Part Time Official Director on the Board of HMT Limited by President of India and has taken over charge of the post on April 13, 2016. As an Officer of Indian Audit & Accounts Service Department, 1983 batch, he has handled Government Accounts, State Audit, Defence and Commercial Audit, training in Information Technology Audit. As DS/Director/OSD in the Ministry of Finance (10year) he has been involved in various Union & State budgets. He holds a doctorate in Mathematics from Lucknow University in the area of Operation, Research and Nonlinear Programming.

Dr. Subhash Chandra Pandey does not hold any shares in HMT Ltd.

SMT. SHASHI B. SRIVASTAVA

Smt. Shashi B. Srivastava, aged 53 years, IDAS has been appointed as Director (Finance) of HMT Limited on Deputation by Ministry of Heavy Industry & Public Enterprises and has taken over charge of the post on July 1, 2016 for a period of five years. She belongs to 1989 batch of civil services and is MBA Finance from Australia

in 2009. She has rich experience in Finance Accounts, Audit, HR, Project Financing and computerization. She has worked with DRDO, Army, Air force and Ordnance Factory Board. She has also worked as Director Finance, HR and project in NCR Planning Board, Ministry of Urban Development.

Smt. Shashi B. Srivastava does not hold any shares in HMT.

II COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

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

B. REMUNERATION COMMITTEE

Remuneration to Directors

The details of remuneration of whole time Directors are: NIL

No sitting fee is payable to any of the directors except Part-time Non-Official (Independent) Directors. An amount of ₹ 5000/- per meeting for the Board and ₹ 3000/- for each Committee Meetings is paid as sitting fee to the Part time Non-Official (Independent) Director for attending the Board and Committee Meetings as per the policy of the company. There is no independent director on the Board of the Company, no remuneration is paid in FY 2015-16.

- 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. SHAREHOLDER COMMITTEE:

(i) Share Transfer Sub-Committee

The Share Transfer Committee comprises of Mr. S.Girish Kumar, 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 2015-16.

(ii) Name & Designation of the Compliance Officer:

Shri Subhash B.K. (4.8.2016)

Company Secretary

(iii) The Shareholders/Investors Grievance Committee

During the year ended March 31, 2016 there was only 11 complaints received from Shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - **NIL***

III GENERAL BODY MEETINGS

The details of last three Annual General Meetings held are as under:

Financial year	Date	Time	Venue
2012-2013	13.12.2013	10.30 a.m	Registered Office at No. 59, Bellary Road, Bangalore-560 032.
2013-2014	30.09.2014	10.30 a.m	
2014-2015	30.09.2015	10.30 a.m	

No special resolutions were passed in previous three AGMs either through show of hands or through postal ballot.

No special resolution is proposed to be conducted through postal ballot.

IV DISCLOSURES

- There were no transactions of material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.
- There were no instances of 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.
- The Company is in process of setting Whistle Blower Policy mechanism and the same shall be posted in Website.
- As there is no audit committee we cannot affirm that no personnel is denied to access to audit committee. However, the personnel are provided unrestricted access to the Senior management in case of any complaints.

V RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL.

VI SUBSIDIARY COMPANIES

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

VII MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express and Hosa Diganatha. 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. The company makes no presentations to institutional investors or analysts.

VIII CEO AND CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Certification by the CEO & CFO (Chairman & Managing Director) on the Financial Statements and Internal controls relating to financial reporting for the financial year 2015-16 has been obtained and was placed before the Board.

IX GENERAL SHAREHOLDERS INFORMATION (Tentative)

- i) **Annual General Meeting** December 2016
10.30 A.M at
"HMT Bhavan"
No.59, Bellary Road
Bangalore - 560 032

No dividends have been declared

ii) **Financial Calendar**

Financial year April 01, 2015 to
March 31, 2016

AGM December 2016

- iii) **Book Closure** December 2016 to
December 2016
(both days inclusive)

- iv) **The Equity Shares** 1. Bombay Stock
of the Company listed Exchange Limited,
with 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.** 500191
Bombay Stock
Exchange Ltd., Mumbai

National Stock Exchange HMT
of India Limited, Mumbai
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. The 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:

Company :HMT LTD. 500191 Period: Apr 2015 to March 2016 BSE

Month	High Price	Low Price
Apr-15	51.20	40.75
May-15	44.40	38.00
Jun-15	45.00	33.65
Jul-15	53.60	40.25
Aug-15	51.40	34.20
Sep-15	44.00	34.30
Oct-15	60.05	40.35
Nov-15	56.40	43.55
Dec-15	57.40	47.75
Jan-16	60.05	39.10
Feb-16	47.60	35.00
Mar-16	49.70	36.75

Company :HMT LTD. Period: Apr 2015 to March 2016 NSE

Month	High Price	Low Price
Apr-15	50.40	40.80
May-15	44.50	39.00
Jun-15	44.95	33.50
Jul-15	53.80	40.50
Aug-15	51.30	35.10
Sep-15	44.20	34.30
Oct-15	60.10	40.50
Nov-15	56.80	42.35
Dec-15	57.35	47.35
Jan-16	60.35	39.00
Feb-16	47.70	34.25
Mar-16	49.95	35.15

ix) Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2016 is given below:

Distribution of Shareholding as on 31/03/2016 (TOTAL)

Category	No.of Holders	% To Holders	Amount(Rs.)	% To Equity
1 - 5000	19577	88.43	25913540.00	0.22
5001 - 10000	1436	6.49	12079610.00	0.10
10001 - 20000	563	2.54	8711270.00	0.07
20001 - 30000	193	0.87	5022640.00	0.05
30001 - 40000	111	0.50	4047230.00	0.03
40001 - 50000	84	0.38	4002810.00	0.02
50001 - 100000	109	0.49	8178290.00	0.07
100001 and above	65	0.29	11972961010.00	99.44
TOTAL:	22138	100.00	12040916400.00	100.00

x) Shareholding Pattern As On 31/03/2016 (Total)

Description	No. of Share holders	Total Shares	% Equity
BANKS	3	32688	0.00
CLEARING MEMBERS	78	69490	0.01
FOREIGN PORTFOLIO INVESTORS	1	5265	0.00
H U F	466	415867	0.03
INDIAN MUTUAL FUNDS	10	18900	0.00
INSURANCE COMPANIES	1	100	0.00
BODIES CORPORATES	488	68790464	5.71
MUTUAL FUNDS	1	100	0.00
NBFC	6	13860	0.00
NON RESIDENT INDIANS	152	147783	0.01
PROMOTERS	2	1128056626	93.69
RESIDENT INDIVIDUALS	20928	6539987	0.54
TRUSTS	2	510	0.00
Total:	22138	1204091640	100.00

xi) Dematerialisation of Shares:

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. As on 31st March 2016, the Company's Shares representing 760219683 equity shares were held in dematerialised form and the balance 443871957 shares were in the physical form.

There are no Outstanding GDRs/ADRs/Warranty or any convertible instrument.

Aurangabad in Maharashtra, the addresses of which are given below:

Tractor Division
Pinjore - 134101
Dist. Panchkula, Haryana

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

Food Processing Machinery Division

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

xii) Plant Locations

The Company's manufacturing plants are located at Pinjore in Haryana, Hyderabad in Andhra Pradesh and

xiii) Address for correspondence:

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

Disclosure in Board's report of HMT Limited for the year ended 31 March 2016

Statement under Rule 5 (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules , 2014

Sl. No.	Name of the Employee	Designation	Remuneration Received	Nature of employment	Qualifications and experience	Date of commencement	Age (in years)	Last employ -ment	% of equity in the compnay	whether relative of any director	Date of Birth
1	Kaithwas K L	General Manager	10,60,912	Permanent	B.E. (Mech.) 33 Years	01-Sep-83	59	–	NIL	No	7-Nov-57
2	Shivamoggi M M	General Manager	10,56,726	Permanent	B E (Mech.) 35 Years	03-Jul-81	59	–	NIL	No	8-Oct-56
3	Manjit Kumar Bedi	General Technical Manager	10,49,711	Permanent	B.Tech. (Agri.Engg) 36 Years	1-Aug-80	59	–	NIL	No	26-Jan-57
4	Patnaik C	General Manager	10,47,774	Permanent	B.Sc(Engg.Agri) M.Tech 34 Years	12-Sep-82	57	–	NIL	No	31-May-59
5	Tembhurkar A L	Jt.General Manager	10,11,936	Permanent	B.E.(Mech.)34 Years	01-Feb-82	59	–	NIL	No	1-Apr-57
6	Srivastava J P	General Marketing Manager	10,07,291	Permanent	B.Tech.(Agri) 36 Years	22-Jan-80	60	–	NIL	No	31-Mar-56
7	Raman Kaushal	General Technical Manager	9,86,199	Permanent	B.Tech. (Agri)11 Years	17-Jun-05	54	–	NIL	No	19-Jul-62
8	Sabyasachi Dass	Joint General Manager	9,82,225	Permanent	B.Tech. (PE) 34 Years	21-Nov-82	57	–	NIL	No	10-Feb-59
9	Sutheekshna A R	Dy. Chief Vigilance Officer	9,79,413	Permanent	B E.(Mech.) 36 Years	20-Aug-80	60	–	NIL	No	20-Feb-56
10	Rajeev Chadha	Joint General Manager	9,76,159	Permanent	C.A. 28 Years	19-May-88	52	–	NIL	No	9-Jun-64

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

Energy Conservation Measures implemented:.

- LED lights are being used in Township.
- Portable Compressors are being run when less air is required and on Sundays/ holidays.
- Compressed air leakages plugged, resulting in switching off one compressor of 120 HP motor.
- Tube light fittings, Fans, Exhaust fans and compressors are being switched off during lunch break and whenever not required.
- Air compressor in foundry run only after accumulation of moulding load.
- Work pre-planned for optimum utilization of heat treatment furnaces and paint plant.
- Loading of machines pre-planned.
- Unauthorized / self made fans removed from the shop floors

2. Technology absorption :

Technology enhancement /absorption in Tractor division are as under :

- Engine up-gradation : Re-consistency trials of 27, 37, 40 and 45 HP Engines (Phase – I) to be conducted.
- Developments of 25KW Gen-set Engine – FIP/ Injector are to be procured.
- Fitment of MITA lift on HMT 6522 Tractors and design released for production.
- Type approval of new engine model HMT 4533 completed.
- Design released for water separator, coolant bottle, and socket for mobile charger and water bottle holder for 65 HP Tractor.
- Design released for High / Low and PTO gear shift levers for 65 HP tractor model.

- Design released for alternate casting cover of DX type MT Housing.
- Drawing work of Trailer Braking System on HMT 35 HP Tractor initiated.
- Design released for disintegration of fuel tank and shield.

3. Segment wise / Product wise performance:

HP Segment	2015-16	2014-15	2013-14	2012-13
21-30	62	91	125	239
31-40	507	807	921	1310
41-50	106	122	241	265
Above 50	58	107	201	191

4. Performance Highlights for the year 2015-16
Operations:

- Reduction of Inventory by ₹ 6.85 Crores in raw material and WIP
- Introduction of following new features on tractors
 - o Implementation of water separator on all tractors model.
 - o Implementation of water reservoir tank on all tractors models
 - o Implementation of bigger PTO & Reduction Levers on all models for easy engaging/ disengaging of gears.
 - o Water bottle holder on driver seat on all models.
 - o Introduction of mobile charger in all models.
- Due to wider coverage of procurement of material in price variation clause (PVC), material content was reduced drastically, as steel price came down considerably in 2nd & 3rd Quarter of 15-16.

Research & Development:

Consistent Product developments to compliment the market expectations can bring about innovations and product offerings which will further enhance the customer satisfaction. Investments made in R&D will benefit in increasing the Turnover.

R&D Expenditure during 2015-16 stands at ₹ 240 lakhs.

Description	2015-16	2014-15
Capital	Nil	Nil
Recurring	240	285
Total	240	285
Total R&D Expenditure as % of Turnover 5.28%		

Future outlook of FPA Product:

- Global food processing machinery market is expected to grow at a CAGR of around 7% by 2020

- Primary growth driver for this processed food products is from consumers demand in developing countries (viz., China and India) where increased disposable income of populace
- HMT has planned to up-grade its Milk Homogeniser of Capacity 5000LPH from manually operated to Hydraulically operated
- It is proposed to take up manufacture Butter Making Machine of 1500 to 2500 Kg/Hr Capacity.
- It is proposed to enhance the skill development activities by providing facility for Skill Development for youth in and around Aurangabad at the newly established HI-TECH Machine Shop which was inaugurated by Hon'ble Minister (Heavy Industries & Public Enterprises) on 5th January 2016.

* * * * *

ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2015-16 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2016.

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1.	HMT LIMITED: CHO: The amount of Gratuity Provision (Unfunded) to be recognized in Balance sheet as per actuary valuation report is ₹ 6356.05 Lakhs, Whereas as per Note No.5 and Note No.9 the aggregate provision amounts to ₹ 6356.96 Lakhs. Due to such over provision the company's loss is overstated with ₹ 0.91 Lakhs.	The Company has separate Gratuity Trust. The Gratuity Trust has taken a Group Gratuity Policy with LIC of India to cover amounts up to ₹ 50,000/- per eligible Employee in respect of HMT Limited, HMT Machine Tools Limited, HMT Watches Limited and Chinara Watches Limited. As per the Actuarial Valuation, the fund available with LIC of India is sufficient to meet the liability as on 31.03.2016. However, the unfunded part to cover over and above ₹ 50,000/- is accounted in the respective Company Accounts as a percentage to Salaries / Wages, based on Actuarial Valuation done by LIC of India. Accordingly, the Provision of ₹ 6,356.96 Lakhs is shown as per Note No: 5 & 9. Whereas the unfunded Gratuity Provision as per Actuarial Valuation by LIC of India is ₹ 6,356.05 Lakhs with a minor difference of ₹ 0.91 Lakhs which is only 0.01%.
2.	Tractor Division, Pinjore: The Company has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although balances are subject to confirmations and reconciliation, if any.	The Confirmation and Reconciliation of Balances from Trade Receivables, other Current Liabilities, Loans & Advances and Trade Payables are obtained in all major cases. Disclosures have been made to this effect in the Notes to Accounts.
3.	During the year 2015-16, Actuarial Valuation has not been obtained by the Company with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to ₹ 5,877.69 Lakhs.	HMT Limited (Holding Company) has five subsidiary Companies, viz., 1) HMT Machine Tools Limited, 2) HMT Watches Limited, 3) HMT (International) Limited, 4) HMT Bearings Limited and 5) HMT Chinara Watches Limited. The PF Trusts of various Units of the Subsidiary companies are situated in different locations, viz., Bangalore, Pinjore, Hyderabad, Kalamassery, Ajmer & Srinagar. Further, combination of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust. Further, the HMT Watch Factory, Ranibagh PF Trust had been taken over by the Office of The Regional Provident Fund Commissioner's w.e.f. 01.09.2010. For implementing Accounting Standard bifurcation of income & expenditure, assets & liabilities of PF Trust is required and since in the PF trust Account, income & expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such, it is very difficult to bifurcate the same. However all out efforts are being made to compile the required information for the purpose of a actuarial valuation.

for and on behalf of the Board of Directors

Place : Bangalore
Dated : 06-09-2016

(S. Girish Kumar)
Chairman & Managing Director

Form No. MGT-9**EXTRACT OF ANNUAL RETURN**
as on the financial year ended 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L29230KA1953PTC000748
- ii) Registration Date : 7th February, 1953
- iii) Name of the Company : HMT LIMITED
- iv) Category/Sub-Category of the Company : Company Limited by Shares / Union Government Company
- v) Address of the Registered office and contact details : HMT Bhavan, 59, Bellary Road. Bangalore – 560 032
Ph.: 91-80-23330333
Fax: 91-80- 23339111
- vi) Whether listed company Yes/No : Yes, on NSE& BSE
- vii) Name, Address and Contact details of Registrar and Transfer Agent : Karvy Computershare Private Ltd
46, Avenue 4, Street, Banjara Hills, Hyderabad - 500 034.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Tractors	29211	90%
2.	Food Processing Machinery	29251	10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	684315126	0	684315126	90.00	684315126	0	684315126	90.00	0.00

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				
		Demat	Physical	Total	& of Total Shares	Demat	Physical	Total	% of Total Shares	% Change During the year
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	100	18900	19000	0.00	100	18900	19000	0.00	0.00
(b)	Financial Institutions /Banks	41123		41123	0.01	32688		32688	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0	0	100	100	0.00	0.00
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	46488	19000	65488	0.01	38053	19000	57053	0.01	0.00
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	69187712	800	69188512	9.10	68803524	800	68804324	5.71	3.39
(b)	Individuals									
(i)	Individuals holding nominal share capital upto Rs.1 lakh	5707585	112162	5819747	0.79	5893283	110657	6003940	0.50	0.27
(ii)	Individuals holding nominal share capital in excess of Rs.1 lakh	710867	0	710867	0.09	951914	0	951914	0.08	0.01
(c)	Others									
	CLEARING MEMBERS	153168	0	153168	0.02	69490	0	69490	0.01	0.01
	NON RESIDENT INDIANS	97222	0	97222	0.01	147783	0	147783	0.01	0.00
	TRUSTS	10	0	10	0.00	10	0	10	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	75856564	112962	75969526	9.99	75866504	111457	75977961	6.31	3.68
	Total B=B(1)+B(2) :	75903052	131962	76035014	10.00	75904557	130457	76035014	6.31	3.69
	Total (A+B) :	760218178	131962	760350140	100.00	760219683	443871957	1204091640	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	760217601	132539	760350140	100.00	760218178	131962	760350140	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of Shares Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	684315126	90%	NIL	1128056626	93.69	NIL	3.69

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
At the beginning of the year	684315126	90%	1128056626	93.69
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the End of the year	684315126	90%	1128056626	93.69%

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

Sl. No.	NAME/JOINT NAME(S)	HOLDING	% TO EQT
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	8.88
2	UDAYANKUMAR N KOTHARI / NEETA U KOTHARI	100168	0.01
3	KARVY STOCK BROKING LTD	68283	0.01
4	PACE STOCK BROKING SERVICES PVT LTD	54411	0.01
5	FORTUNE CREDIT CAPITAL LTD	50000	0.01
6	RAJU R. BAXI	45439	0.01
7	UDAYANKUMAR N KOTHARI	44815	0.01
8	SRL IMPEX PVT LTD	40000	0.01
9	THE NEW INDIA ASSURANCE COMPANY LIMITED	36711	0.00
10.	VIKAS NAGPAL	35243	0.00
	TOTAL:	68013684	8.95

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

(₹ in lakhs)

For each of the Directors and KMP excluding deposits	Secured Loans Loans	Unsecured	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2015</i>				
i) Principal Amount	3026.84	8618.50		11645.34
ii) Interest due but not paid	-	2200.60	-	2200.60
iii) Interest accrued but not due	-	233.32		233.32
Total (i+ii+iii)	3026.84	11052.42	-	14076.26
Change in Indebtedness during the financial year				
* Addition	-	1552.52	-	1552.52
* Reduction	256.72			256.72
Net Change	256.72	1552.52	-	1295.80
<i>Indebtedness at the end of the financial year 31.03.2016</i>				
i) Principal Amount	2770.12	9034.50	-	11804.62
ii) Interest due but not paid	-	3289.36		3289.36
iii) Interest accrued but not due	-	281.08		281.08
Total (i+ii+iii)	2770.12	12604.94	-	15375.06

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

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

B. Remuneration to other Directors:

Independent Directors : The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint Independent Directors to constitute mandatory committees and further to appoint a woman Director to comply with listing requirements and Companies Act 2013

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary from June 20, 2014	Total Rs.
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		686253
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify		
	Total		686253

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Due to absence/inadequacy of profits the Company Could not take up any CSR Projects for the year 2015-16

Form No. MR-3**Secretarial Audit Report for the financial year ended 31st March 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Management's Responsibility for Secretarial Compliances:

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

Auditor's Responsibility:

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and

according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2016 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. H.M.T. Limited for the financial year ended on 31st March 2016 according to the provisions of:

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

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were reported during the year.**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**
 - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **The Company has appointed a SEBI authorised Category I Registrar and Share Transfer Agent.**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No de-listing was done during the year**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**
6. Other laws specifically applicable to the Company are:
- Motor Vehicles Act, 1988.
 - The Central Motor Vehicles Rules, 1989.
 - The Karnataka Motor Vehicles Rules, 1989.
 - Legal Metrology Act, 2009.

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

- a. Secretarial Standards with respect to Board and general meetings issued by The Institute of Company Secretaries of India (applicable w.e.f 01st July 2015).

- b. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited for the period from 1st April 2015 to 30th November 2015 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) for the period from 1st December 2015 to 31st March 2016.

During the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, subject to the following observations:

- ***During the year under review, the company did not have the required number of non-executive directors, Independent Directors as on 31st March 2016 in terms of Section 149(1)/(4) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.***
- ***The Company has not appointed Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review.***
- ***The Company did not have Woman Director on the Board as on 31st March 2016 in terms of Section 149(1) of the Companies Act, 2013.***
- ***The Company has not constituted any of the following Committees:***
 - a. ***Audit Committee.***
 - b. ***Remuneration and Nomination Committee.***
 - c. ***Shareholders Grievance Committee.***
 - d. ***Vigil Mechanism.***
 - e. ***Risk Management Committee.***
 - f. ***Corporate Social Responsibility Committee.***
- ***The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2014-15, within 60 days from the end of the financial year (Clause 41 of the Listing Agreement).***

- ***During the year under review, the Company has defaulted in making the payments in respect of salary, wages, pension and contribution to provident fund.***
- ***No actuarial valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS-15 "Employee Benefits".***

Also, I draw attention that:

- As per the Government Order No. I-05011/6/2014-PE-X dated 13th January 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, the Company was directed by the Ministry for the liquidation / winding up / merger of M/s HMT Watches Limited, M/s HMT Chinar Watches Limited and M/s HMT Bearings Limited, Subsidiary Companies or to sell, transfer or otherwise dispose of the entire movable and immovable assets of the situated in different locations/Units across the Country.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

D VENKATESWARLU

Company Secretary

FCS No. 8554: C P No. 7773

Place: Bangalore

Date: 8th November 2016

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

“Annexure A”

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

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

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

Place: Bangalore
Date: 8th November 2016

D VENKATESWARLU
Company Secretary
FCS No. 8554: C P No. 7773

ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2015-16 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2016.

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1.	<i>During the year under review, the company did not have the required number of non-executive directors, Independent Directors and atleast one woman director as on 31st March 2016 in terms of Section 149(1)/(4) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.</i>	<i>As observed by the Audit, H.M.T. Limited is a Government company under the administrative control of Ministry of Heavy Industries & Public Enterprises, the nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Department of Heavy Industry Guidelines. The subject matter of nomination / appointment of adequate number of Independent directors including woman director falls under the purview of the Government of India. The Company has requested the Administrative Ministry to appoint Independent Directors and also Woman Director to comply with the provisions of Companies Act 2013 and Listing requirements.</i> <i>Smt. Shashi B. Srivastava has been appointed as director finance on the board of the company w.e.f. July 01, 2016 as such the company has complied with provision of Women Director on the Board as per Company Act 2013 & listing agreement.</i>
2.	<i>The Company has not appointed Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review</i>	<i>Additional Charge of the post of the Director Finance given to Shri P. Sivarami Reddy on 26-05-2014 which was extended upto 30.6.2016. Since, Director Finance is the de-facto CFO there is no violation as observed by Audit.</i> <i>The Company has appointed Director finance w.e.f. from 01-07-2016</i>
3.	<i>The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2014-15, within 60 days from the end of the financial year (Clause 41 of the Listing Agreement).</i>	<i>The Stock Exchanges were informed that the Company's Subsidiaries viz., HMT Machine Tools Ltd, HMT Watches Ltd, HMT Chinara Watches Ltd, HMT Bearings Ltd are loss making Companies and the units are located at different places across India.</i>

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
		<i>During January 2016, CCEA has approved closure of the subsidiaries, HMT Watches, HMT Chinara Watches and HMT Bearings and the Administrative Ministry has directed the Company to take requisite action for the process of closure.</i> <i>Hence there was delay in finalization of the accounts of these Subsidiaries and accordingly Audit. Therefore, there was delay in finalization of the consolidated financial statements and submission of same to Stock Exchanges.</i>
4.	<i>The Company has not constituted any of the following Committees:</i> <i>Audit Committee.</i> <i>Remuneration and Nomination Committee.</i> <i>Shareholders Grievance Committee.</i> <i>Vigil Mechanism.</i> <i>Risk Management Committee.</i>	<i>Consequent to change/cessation of Directors on the Board, the Government has been requested to appoint Independent Directors to comply with the Listing requirements and provisions of Companies Act, 2013. The mandatory committees will be constituted immediately after appointment of independent directors on the Board of the Company.</i>
5.	<i>No actuarial valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of AS-15 "Employee Benefits".</i>	<i>This point has been replied in Addendum to Directors' Report in respect of observations made by Statutory Auditors.</i>

(S. Girish Kumar)
 Chairman & Managing Director

Place: Bangalore
 Dated: 9th November 2016

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of HMT Limited,

We have examined the compliance of conditions of Corporate Governance by HMT Limited for the year ended on 31st March 2016, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

Place: Howrah

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, 2016.

(S. Girish Kumar)
Chairman & Managing Director

Place: Bangalore
Date: 06/09/2016

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 2015-16 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee that :
 - i. No significant changes in internal control over financial reporting during the year;
 - ii. No significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements; and
 - iii. no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For HMT Limited

Bengaluru

Shashi B. Srivastava
DFN/CFO

S.Girish Kumar
CMD/CEO

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HMT Limited, Bangalore

Report on the Standalone Financial Statements:

We have audited the accompanying standalone financial statements of HMT Limited (the Company), which comprises of the Balance Sheet as at 31st March 2016, the Statement of Profit & Loss Account and the Cash Flow Statement for the year then ended 31st March 2016, and a summary of the significant policies and other explanatory information, annexed hereto in which are incorporated in 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 by C&AG of India, has been forwarded to us as required by the Companies Act, 2013, which have been dealt with while preparing our report in the manner considered necessary by us.

Management's Responsibility for the Standalone Financial Statements:

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

Auditors' Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

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

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

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

Basis of our Qualified Opinion**CHO:**

1. The amount of Gratuity Provision (Unfunded) to be recognized in Balance Sheet as per actuary valuation report is ₹ 6,356.05 Lakhs. Whereas as per Note No. 5 & Note No. 9 the aggregate provision amounts to ₹ 6,356.96 Lakhs. Due to such under provision the company's loss is overstated with ₹ 0.91 Lakhs.

Tractor Division, Pinjore:

1. The company has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although balances are subject to confirmations and reconciliation, if any.
2. During the year 2015-16, Actuarial Valuation has not been obtained by the Company with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to ₹ 5,877.69 Lakhs

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other Branch Auditors, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flow for the year ended on that date.

Other Matters:

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

5. The report of Internal Auditor of Corporate Head Office is not quantifying the failures of the statutory dues payable by the Company.
6. The amount of ₹1,06,957.00 -Tax Deducted at Source has been included in Receivables instead of Balances with Statutory Authority under Short Term Loans & Advances.
7. The Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in Index of Charges registered with Registrar of Companies for its Index Number 80046855.
8. Income of Royalty from HMT International Ltd is accounted for on the basis of lower of 0.5% of Turnover or 7.5% of Profit before Tax of Flash Report whereas the above income should be accounted for on the basis of audited financial statements.
9. The Branch Auditors of Tractor Division, Pinjore have Reported the following other matters:
 1. Balance in Current Maturities of GOI Loans – Statutory Dues and Working Capital and Bridge Loan as given in Note – 9 of Balance Sheet amounting ₹ 1153.84 Lakhs has been given and we have relied on the basis of the Certificate received from the Management.
 2. During the year 2015-16, the Management has declared doubtful debts amounting ₹ 4850.16 Lakhs which is very high in percentage and full provision has been made in the Profit & Loss Account and accordingly, provision has been made of interest receivable on debts amounting ₹ 5016.11 Lakhs and we have relied upon the certificate obtained from the Management.
 3. During the year 2015-16, the provision for obsolescence has been shown by the Company amounting ₹ 457.99 Lakhs and we have relied upon the Certificate received from the Management of the Company.
 4. During the year 2015-16 the provision for contingencies has been shown by the Company amounting ₹ 273.19 lakhs and we have relied upon the certificate received from the Management of the Company.

5. During the year 2015-16 the Provision for Gratuity has been shown by the Company amounting to ₹ 1102.92 lakhs and we have relied upon the certificate received from the Management of the Company.

These matters give an unmodified opinion on Financial Statements of the unit.

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143 (5) of the Act, our submissions are as under:
 - a. we give in the Annexure 'A', a statement on the compliance to Directions issued by the Comptroller and Auditor General of India
 - b. we have not received any statement on the compliance to specific sub directions issued by the Principal Director, Commercial Audit and Ex-Officio Member, Audit Board, Hyderabad for financial year 2015-16
2. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'B', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 with an exception to those mentioned in the paragraph of Basis for Qualified Opinion and Other matters;

- e) on the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statement as referred to in Note No. 39 (A) to 39 (E) of the Financial Statement.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts; and
 - iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place: Delhi
Date: 30-05-2016

Annexure 'A' to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2016, we report that:

Sl. No.	Directions	Auditor Observations
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The Company has not been selected for disinvestment.
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	The Auditors of Tractor Division, Pinjore have reported: The Unit has written off debts worth ₹ 8.28 Lacs during the Financial Year 2015-16 after obtaining approval from the Chairman & Managing Director. No such cases have been noticed by us at CHO Level.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	No inventories are maintained at CHO Level. Proper records have been maintained for assets received as gift from Govt. or other authorities As per the Report of Branch Auditors, proper records have been maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
4.	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	The age wise analysis of pending legal/ arbitration cases of Other Units and CHO Level are enclosed in 'Annexure A-1'

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

The Annexure referred to in Annexure 'A' to our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2016 :

Corporate Head Office (CHO)

Year /Date of Lodgement	No. of Cases	Reason for Pendency
25-06-2012	1	Stay granted and Matter is due with High Court Bangalore against M/s Mallige Estate (P) Ltd. for Land taxes.
Not Available	1	Case against LIC in Delhi is pending. No record is available for our verification

As per Audit Report of Tractor Division, Pinjore:

Year of Lodgement	No. of Cases	Reason for Pendency
2015-16	5	Not provided by the Branch Auditor
2014-15	8	Not provided by the Branch Auditor
2013-14	24	Not provided by the Branch Auditor
2012-13	20	Not provided by the Branch Auditor
Prior to 2012-13	95	Not provided by the Branch Auditor

As per Audit Report of Food Processing Machinery Division, Aurangabad:

Year of Lodgement	No. of Cases	Reason for Pendency
3331/1995	1	As a result of legal process
56/2002272/2002	2	As a result of legal process
115/2010	1	As a result of legal process
21063/2012	2	As a result of legal process
306/2012	1	As a result of legal process

As per Audit Report of Common Services Division for 31/03/2015:

Year of Lodgement	No. of Cases	Reason for Pendency
OS 4916/2004	1	Cases being argued as time barred debts and hearing continued. NDOH for further evidence during 3rd June, 2015 (out of court settlement is being explored)
SLP 13010/2006	1	Last Listed on during July, 2011
214/2006	1	Argument Stage. Next date of hearing on 01.06.2015
WA 4152/09 arising out W P No. 4166/08	1	Writ Appeal admitted on 20.10.2010 listed on 18.02.2015, case put up for another bench.
2011	1	Writ petition to be filed in High Court or Dispute before Registrar of Co. Op. Society
MA 51/2013	1	Next Date of hearing on 20.06.2015
MA 52/2013	1	Next Date of hearing on 20.06.2015
CA 387/2013	1	Not yet listed
WP No.58755/13	1	Vakalath filed. Not yet listed
WP No. 56045 & 56046 of 2015	1	Appeal filed to get stay vacated

Annexure ‘B’ to the Independent Auditors’ Report

Referred to in point 2 under the heading “Report on Other Legal & Regulatory Requirement” of our report of even date to the financial statements of the Company for the year ended March 31, 2016 :

Para # Cl. No.	Particulars	Remarks
i) (a)	whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.	Yes.
(b)	whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account.	Yes verified by the management at reasonable intervals and no discrepancies were noticed on such verification. The periodicity of three years is reasonable having regard to the size of the Company and the nature of its assets. Last verification took place in the year 2013-14.
(c)	whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof	The title deeds of immovable properties are held in the name of the company except the land measuring 14.20 acres which was received in exchange agreement with Government Departments at Hyderabad. (as it is pending registration of transfer)
ii)	whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;	Yes physical verification of inventory has been conducted at reasonable intervals and no material discrepancies were noticed by various units of the Company.
iii)	whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.	As informed to us, the company has granted loans to the bodies corporate, but has not maintained a register U/s 189 of the Companies Act, 2013.
iv)	in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	As informed to us, the company has granted loans to the bodies corporate, but has not maintained a register U/s 189 of the Companies Act, 2013.
v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not ?	Not Applicable as company has not accepted any deposits during the year.
vi)	whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 whether such accounts and records have been so made and maintained.	Food Processing Machinery Division - Not specified. Tractor Division – Prescribed accounts and records have been made & maintained. Common Services Division – Not Applicable Corporate Head Office – Not Applicable

Para # Cl. No.	Particulars	Remarks																				
vii)(a)	whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	Annexure - 'B-I'																				
(b)	where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute)	Yes for Food Processing Machinery Division Sales Tax Liabilities for the year 1999-2000 of Rs. 39.05 Lakhs against Appeal before Sales Tax Tribunal, Mumbai is pending.																				
viii)	whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	Food Processing Machinery Division - Company has not defaulted in repayment of loans or borrowing except default in repayment of loan to Government of India. Period wise details as given below: <table><tr><th>Year</th><th>Amount of Default(Principal)</th></tr><tr><td>2014-15</td><td>14,18,800</td></tr><tr><td>2015-16</td><td>92,21,200</td></tr></table> Tractor Division – <table><tr><th>Lender</th><th>Amount of Default(Principal)</th></tr><tr><td>Government of India</td><td>29,43,52,000</td></tr></table> Common Services Division – <table><tr><th>Lender</th><th>Amount of Default(Principal)</th></tr><tr><td>Government of India</td><td>20,07,600</td></tr></table> Corporate Head Office – Yes there is continuous default in payment of principal and interest. Lender wise details is as under:- <table><tr><th>Lender</th><th>Amount of Default(Principal)</th></tr><tr><td>Government of India</td><td>1,08,80,400</td></tr><tr><td>Dena Bank</td><td>9,86,50,000</td></tr></table>	Year	Amount of Default(Principal)	2014-15	14,18,800	2015-16	92,21,200	Lender	Amount of Default(Principal)	Government of India	29,43,52,000	Lender	Amount of Default(Principal)	Government of India	20,07,600	Lender	Amount of Default(Principal)	Government of India	1,08,80,400	Dena Bank	9,86,50,000
Year	Amount of Default(Principal)																					
2014-15	14,18,800																					
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Government of India	20,07,600																					
Lender	Amount of Default(Principal)																					
Government of India	1,08,80,400																					
Dena Bank	9,86,50,000																					
ix)	whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	Not Applicable as the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.																				

Para # Cl. No.	Particulars	Remarks
x)	whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
xi)	whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	Not Applicable as no managerial remuneration paid during the year.
xii)	whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	Not Applicable
xiii)	whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	Yes
xiv)	whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	Not Applicable the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
xv)	whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	Not Applicable as the company has not entered into any non-cash transactions with directors or persons connected with him.
xvi)	whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	Not Applicable.

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

Place: Delhi
Date: 30/05/2016

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

Annexure B - I

Sr. No.	Nature of Statute	Nature of Dues	Amount (₹)	Period to which amount related
Food Processing Machinery Division				
1.	Sales Tax	Sales Tax Liability	3905000.00	1999-2000
2.	Provident Fund	Employees Contribution to PF	5960012.00	Upto March 2016
3.	Provident Fund	Employers Contribution to PF	4656869.00	Upto March 2016
4.	Provident Fund	PF Loan Recoveries	1436280.05	Upto March 2016
5.	VPF	Provident Fund	2168500.00	Upto March 2016
Tractor Division				
1.	Pinjore Sales Tax	Interest on Demand	13224549.00	2001-02 to 2005-06
2.	Sales Tax	Additional Demand	786896.00	2011-12
3.	CPF	Provident Fund	97419562.00	Nov 13 to March 16
4.	EPF	Provident Fund	118342801.00	Nov 13 to March 16
5.	EPS	Provident Fund	18076022.00	Nov 13 to March 16
6.	VPF	Provident Fund	74484900.00	Nov 13 to March 16
7.	PF Loan & Interest	Provident Fund	150747727.00	Nov 13 to March 16
8.	Professional Tax	Professional Tax	126200.00	Nov 13 to March 16
Corporate Head Office				
1.	Income Tax*	TDS Defaults	820618.69	2014 – 15
2.	Income Tax*	TDS Defaults	2441242.29	2013- 14
3.	Income Tax*	TDS Defaults	2025509.08	2012-13
4.	Income Tax*	TDS Defaults	68584.56	2015-16
5.	Income Tax*	TDS Defaults	3578107.62	Prior Years
6.	Greater Hyderabad Municipal Corporation	Property Tax	33063258.00	Previous Years Arrear Penalty Current Tax
7.	SPF	Employee's Contribution	2042540.00	Since 31/07/2015 Upto March 2016
8.	VPF	Employee's Contribution	2449571.00	Since 31/07/2015 Upto March 2016
9.	PF	Company's Contribution	1838790.00	Since 31/07/2015 Upto March 2016
	TOTAL		539663539.29	

Annexure to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of HMT Limited (hereinafter referred to as 'the Company') as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (hereinafter referred to as 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the companies Act, 2013 (hereinafter referred to as 'the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred to as the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion

In our opinion on CHO Level, the Company at CHO Level has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

The system of internal financial controls over financial reporting with regard to three of the significant units of the Company namely Tractor Division at Pinjore, Food Processing Unit at Aurangabad and Common Service

Division at Bangalore were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company

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

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

Place: Howrah
Date: 30.05.2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of HMT Limited, Bangalore for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act, is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of HMT Limited, Bangalore for the year ended on 31 March 2016. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report :

A. Comments on financial position**Balance Sheet****Assets****Non Current Investments (Note 11) ₹ 763.90 crores**

The above includes equity investment of ₹ 43.96 crore in two subsidiary Companies - HMT Watches Limited (₹ 6.49 crore) and HMT Bearings Limited (₹ 37.47 crore). The Cabinet Committee on Economic Affairs (CCEA), Government of India, approved (January 2016) the closure of these two subsidiary Companies.

As of 31 March 2016, HMT Watches Limited had total liabilities of ₹ 2960.85 crore as against the total assets of ₹ 295.53 crore. Similarly, HMT Bearings Limited had total liabilities ₹ 154.33 crore as against the total assets of ₹ 35.49 crore. Thus, the net worth of both the Companies has been completely eroded.

Despite the decision of Government of India to close the two subsidiary Companies and their adverse financial position, the Company neither disclosed the fact of decision nor made any provision as per Accounting Standard 13 towards diminution of investment in these subsidiary Companies.

**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 : 07 September 2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31ST MARCH, 2016

COMMENTS	REPLY
Balance Sheet – Assets Non Current Investments (Note 11) Rs.763.90 Crore The above includes equity investment of Rs.43.96 crore in two Subsidiary Companies – HMT Watches Limited (Rs.6.49 crore) and HMT Bearings Limited (Rs.37.47 crore). The Cabinet Committee on Economic Affairs (CCEA), Government of India, approved (January 2016) the closure of these two Subsidiary Companies. As of 31st March 2016, HMT Watches Limited had total liabilities of Rs.2960.85 crore as against the total assets of Rs 295.53 crore. Similarly, HMT Bearings Limited had total liabilities of Rs.154.33 crore as against total assets of Rs 35.49 crore. Thus, the net worth of both the Companies has been completely eroded. Despite the decision of Government of India to close the two Subsidiary Companies and their adverse financial position, the Company neither disclosed the fact of decision nor made any provision as per Accounting Standard 13 towards diminution of investment in these Subsidiary Companies.	The Government of India, Department of Heavy Industry vide letter dated 13th January 2016 have communicated the approval of CCEA for closure of three Subsidiary Companies of HMT Limited viz., HMT Watches Limited, HMT Chinara Watches Limited and HMT Bearings Limited and directed the Companies to take appropriate action for closure. Action has been initiated by the Companies for closure. The CCEA approval provides for write-off of the entire dues of these Companies to the GoI on closure, while funds received from the sale of movable assets, other receivables and funds available with these Companies are to be utilised for settlement of other liabilities of these Companies. Equity Investment of Rs 43.96 crore have been made by HMT Limited in HMT Watches Limited and HMT Bearings Limited. As it is expected that these investments could be realized to some extent from the proceeds of sale of moveable assets, other receivables and funds available with these Companies, provisions for diminution in value of the investment have not been made in the books of HMT Limited during the financial year 2015-16.

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

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

Place : Hyderabad
Date : 7.9.2016

For and on the behalf of the Board

(S. Girish Kumar)
Chairman & Managing Director

Place : Bangalore
Date : 7.9.2016

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Fixed Assets

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation

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

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

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

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

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

Investments

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

Inventories

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

Revenue Recognition

Sales are set up based on:

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

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

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

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 2016

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	124095.16	186409.16
(b) Reserves and Surplus	2	(84849.24)	(82374.96)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	3	-	-
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	4	6977.30	5831.30
(b) Long-term Provisions	5	6191.54	6317.52
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	6	3616.12	3456.84
(b) Trade Payables	7	1878.17	1996.68
(c) Other Current Liabilities	8	24634.49	15954.15
(d) Short-term Provisions	9	5420.33	5506.16
TOTAL		87963.87	143096.85
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	10	2166.59	2395.96
(ii) Intangible Assets	10	-	-
(iii) Capital Work in Progress	10	4.30	4.30
(b) Non-current Investments	11	76389.86	76389.86
(c) Long Term Loans & Advances	12	442.35	349.36
2 CURRENT ASSETS			
(a) Inventories	13	2522.20	3421.45
(b) Trade Receivables	14	1542.54	2090.30
(c) Cash and Cash Equivalents	15	916.10	1798.43
(d) Short-term Loans and Advances	16	2986.43	55352.53
(e) Other Current Assets	17	993.50	1294.66
TOTAL		87963.87	143096.85

Significant Accounting Policies

See accompanying notes to the financial statements.

1 to 45

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

As per our Report of even dated attached

For M/s. DOKANIA S KUMAR & CO.

F.R.N. 322919E

Chartered Accountants

S. Girish Kumar

Chairman & Managing Director

DIN : 03385073

P. Sivarami Reddy

Director

DIN : 02678958

CA. Sushil Kumar Dokania

Partner

Membership No.057020

Place: New Delhi
Date : May 30, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in lakhs)

Particulars	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
REVENUE			
Gross Revenue from Operations	18	4642.91	6147.40
Less: Excise Duty		99.64	119.05
Net Revenue from Operations		4543.27	6028.35
Other Income	19	11086.62	3246.56
Total Revenue		15629.89	9274.91
EXPENSES			
Cost of Materials Consumed	20	1928.08	3232.32
Purchase of Stock-in-Trade	21	185.20	337.57
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	719.84	649.85
Employee Benefits Expense	23	9813.42	9978.35
Finance Costs	24	2532.69	1835.62
Depreciation & Amortisation Expense	25	257.06	271.35
Other Expenses	26	2704.03	2716.40
Less: Jobs done for Internal use	27	(34.96)	(91.69)
Total Expenses		18105.36	18929.77
Profit / (Loss) Before Exceptional and Extrordinary items and Tax		(2475.47)	(9654.86)
Exceptional Items	28	-	-
Prior Period Adjustments	29	(1.19)	1.80
Profit / (Loss) Before Tax		(2474.28)	(9656.66)
Tax Expense		-	-
Profit / (Loss) for the Period		(2474.28)	(9656.66)
<u>Earnings Per Equity Share:</u>	33		
After Tax			
Basic & Diluted (In ₹)		(0.21)	(0.83)
Number of Shares in computing Earnings Per Share		1204091640	1160325355

Significant Accounting Policies

See accompanying notes to the financial statements.

1 to 45

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

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

S. Girish Kumar
Chairman & Managing Director
DIN : 03385073

P. Sivarami Reddy
Director
DIN : 02678958

CA. Sushil Kumar Dokania
Partner
Membership No.057020

Place: New Delhi
Date : May 30, 2016

NOTES FORMING PART OF BALANCE SHEET

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
1	SHARE CAPITAL		
	AUTHORISED SHARE CAPITAL :		
	123,00,00,000 (Previous year 123,00,00,000) Equity Shares of ₹ 10/- each	123000.00	123000.00
	8,70,00,000 (Previous year 8,70,00,000) Preference Shares of ₹ 100/- each	87000.00	87000.00
		210000.00	210000.00
	ISSUED, SUBSCRIBED & PAID UP		
	120,40,91,640 (Previous year 120,40,91,640) Equity Shares of ₹10/- each	120409.16	120409.16
	36,86,000 (Previous year 4,43,00,000) 3.5% Redeemable Preference Shares of ₹100/- each	3686.00	44300.00
	Nil (previous year 2,17,00,000) 8% Redeemable Preference Shares of ₹ 100/- each	-	21700.00
		124095.16	186409.16
1.A	Out of the issued, subscribed & paid-up Equity shares, 3,18,85,900 (Previous year 3,18,85,900) shares are allotted as fully paid up for consideration other than cash.		
1.B	In accordance with the CCEA approval and DHI's directions thereon during January 2016, the entire 8% Redeemable Preference Shares of 21700000 nos. of ₹ 100 each (₹ 21700.00 lakhs) and 3.5% Redeemable Preference Shares of 40614000 nos (₹ 40614.00 lakhs) out of 44300000 nos of ₹100/- each (₹ 44300.00 lakhs) will be extinguished and set off against the Loans and advances to Subsidiaries provided by Holding Company to HMT Watches Limited, HMT Chinara Watches Limited and HMT Bearings Limited to the extent of ₹ 623.14 Crores.		
1.C	The details of Shareholders holding more than 5% Shares.		
		As at 31-3-2016	As at 31-03-2015
	Name of the Shareholders	No. of Shares % held	No. of Shares % held
	<u>Equity Shares:</u>		
	Hon'ble President of India	1128056626 93.69	1128056626 93.69
	<u>3.5% Redeemable Preference Shares</u>		
	Hon'ble President of India	3686000 100	44300000 100
	<u>8% Redeemable Preference Shares</u>		
	Hon'ble President of India	- -	21700000 100
1.D	The reconciliation of the number of shares outstanding is set out below :		
	Particulars	As at 31-03-2016 No. of Shares	As at 31-03-2015 No. of Shares
	<u>Equity Shares:</u>		
	Shares at the beginning of the year	1204091640	760350140
	Add: Shares Issued on account of Conversion of Loan from Govt of India	-	443741500
	Shares at the end of the year	1204091640	1204091640

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
	3.5% Redeemable Preference Shares		
	Shares at the beginning of the year	44300000	44300000
	Less: Shares extinguished as per CCEA approval and DHI direction	4061400	-
	Shares at the end of the year	3686000	44300000
	8% Redeemable Preference Shares		
	Shares at the beginning of the year	21700000	21700000
	Less: Shares extinguished as per CCEA approval and DHI direction	21700000	-
	Shares at the end of the year	-	21700000
2	RESERVES AND SURPLUS		
	General Reserve		
	Opening Balance as per last Balance Sheet	13453.11	13453.11
	Balance in Statement of Profit & Loss		
	Opening Balance as per last Balance Sheet	(95828.07)	(86024.58)
	Add: Adjustments relating to Fixed Assets	-	(146.83)
	Add: Profit/(Loss) for the year	(2474.28)	(9656.66)
	Net Surplus/(Deficit) in the Statement of Profit & Loss	(98302.35)	(95828.07)
	TOTAL	(84849.24)	(82374.96)
3	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-
4	LONG TERM BORROWINGS		
	SECURED	-	-
	UNSECURED		
	Loans from Government of India with interest @ 7% to 13.5%, repayable in 1-5 equal annual installments from the date of drawal of loan	5990.80	4844.80
	Amount of continuing default ₹ 822.00lakhs (Previous year ₹ 794.88 lakhs)		
	Loans from Dena Bank with interest @ 11.5% p.a upto 31.5.2013 and 15% p.a. till the the date of settlement		
	Amount of continuing default ₹ 986.50 lakhs (Previous year ₹ 986.50lakhs)	986.50	986.50
	TOTAL	6977.30	5831.30

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
5	LONG TERM PROVISIONS		
	<u>Provision for Employee Benefits:</u>		
	Gratuity	5110.41	5358.24
	Earned Leave Encashment	818.75	667.32
	Settlement Allowance	262.38	291.96
	TOTAL	6191.54	6317.52
6	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credits	2770.12	3026.84
	UNSECURED		
	Loans from a Subsidiary	846.00	430.00
	TOTAL	3616.12	3456.84
Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.			
7	TRADE PAYABLES		
	Acceptances	-	-
	Dues towards Goods purchased	1143.32	1188.49
	Dues to Micro, Small & Medium Enterprises	734.85	808.19
	TOTAL	1878.17	1996.68
7.A	The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:		
	Principal amount due and remaining unpaid	734.85	808.19
	Interest due on above and the unpaid interest	659.22	532.76
	Interest remaining due and payable in the succeeding year until the dues are actually paid	-	0.69
	Interest paid	-	-
7.B	Interest accrued and remaining unpaid at the end of the accounting year.	659.22	532.76
	2015-16	126.46	-
	2014-15	184.18	184.18
	2013-14	45.05	45.05
	2012-13	83.43	83.43
	2011-12	72.58	72.58
	2010-11	60.40	60.40
	2009-10	55.24	55.24
	2008-09	31.24	31.24
	2007-08	0.64	0.64

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
8	OTHER CURRENT LIABILITIES		
	Current maturities of Long-Term Debt		
	Loans from Government of India	1211.20	2357.20
	Interest accrued and due on borrowings		
	Government of India Loan	1575.31	634.52
	Loan from Bank	1714.05	1566.08
	Interest accrued but not due on borrowings		
	Government of India Loan	281.08	233.32
	Dues to Subsidiary companies		
	HMT Chinara Watches Ltd	21.98	-
	HMT (International) Ltd	23.48	17.08
	HMT Bearings Ltd	141.44	-
	Others		
	Advance received against sales	492.03	476.46
	Sundry Creditors - other dues	6906.35	4209.01
	Other liabilities *	12267.57	6460.48
	TOTAL	24634.49	15954.15
	* As on 31.3.2016 includes the amount payable to employees towards Gratuity ₹ 1750.24 lakhs, Earned leave encashment ₹ 651.33 lakhs, and towards Employee contribution to PF ₹ 2576.54 lakhs, Company contribution to PF ₹ 1295.61 lakhs, Company contribution to Pension ₹ 245.08 lakhs.		
9	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Gratuity	1246.55	1499.10
	Leave Encashment	561.22	322.18
	Settlement Allowance	59.50	76.49
		1867.27	1897.77
	Provision for Income Tax	1861.45	1861.45
	Provision for Contingencies	273.19	315.60
	Provision for Warranty	14.62	15.31
	Other Provisions*	1403.80	1416.03
	TOTAL	5420.33	5506.16

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

NOTES FORMING PART OF BALANCE SHEET

10 FIXED ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 01-04-2015	Additions	Deductions/ Adjustments	Balance as at 31-03-2016	Balance as at 01-04-2015	Deductions/ Adjustments	Depreciation during the year	Balance as at 31-03-2016	Balance as at 31-03-2016	Balance as at 01-04-2015
I Tangible Assets										
<u>Owned Assets:</u>										
Land & Land Development	180.89	-	-	180.89	-	-	-	-	180.89	180.89
Buildings	2116.75			2116.75	1365.43	(0.12)	37.21	1402.52	714.23	751.32
Plant and Machinery	10941.26	27.70	2.00	10966.96	9489.34	(0.38)	217.28	9706.24	1260.72	1451.92
Furniture, Fittings & Office Appliances	460.31	2.25	0.19	462.37	456.50	0.57	2.06	459.13	3.24	3.81
Transport Vehicles	136.69			136.69	136.31		0.38	136.69	-	0.38
Sub - Total	13835.90	29.95	2.19	13863.66	11447.58	0.07	256.93	11704.58	2159.08	2388.32
<u>Leased Assets:</u>										
Land-Leasehold	17.09	-	-	17.09	9.45	-	0.13	9.58	7.51	7.64
Total (A)	13852.99	29.95	2.19	13880.75	11457.03	0.07	257.06	11714.16	2166.59	2395.96
II Intangible Assets										
Design & Prototype	-		-	-		-		-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-
Total (A) + (B)	13852.99	29.95	2.19	13880.75	11457.03	0.07	257.06	11714.16	2166.59	2395.96
Previous Year	13949.23	3.23	99.47	13852.99	11117.75	67.93	271.35	11457.03	2395.96	2831.48
Capital Work-in-Progress									4.30	4.30

Note:

- (a) Quantum of loss due to Impairment of Assets as per AS-28 - Nil
- (b) Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection.
- (c) Pursuant to enactment of the Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying amount is being depreciated over the remaining useful lives. The written down value of Fixed Assets whose lives were expired as at 1st April, 2014 have been adjusted, in the opening balance of Statement of Profit and Loss Account as on 31.3.2015 of ₹ 146.83 Lakhs. The Depreciation for the year 2014-15 is lower by ₹ 13.12 lakhs.

LAND

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

OTHERS

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

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
11	NON CURRENT INVESTMENTS		
	Long Term Investments (Unquoted) - Valued At Cost less Permanent Diminution in Value of Investments		
	TRADE INVESTMENTS	-	-
	In Equity Shares		
	30,00,000 (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
	1,60,800 (Previous year 1,60,800) Equity Shares of ₹ 10/- each fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad.	16.08	16.08
	In Equity Shares of Joint Venture		
	1,50,000 (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
	In Equity Shares of Subsidiaries		
	7,20,000 (Previous year 7,20,000) Equity Shares [including 6,90,000 (Previous year 6,90,000) Bonus Shares] of ₹ 10/- each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00
	3,74,68,586 (Previous year 3,74,68,586) Equity Shares of ₹ 10/- each fully paid up in HMT Bearings Ltd., Hyderabad	3746.86	3746.86
	27,65,99,137 (Previous year 27,65,99,137) Equity Shares of ₹ 10/- each fully paid up in HMT Machine Tools Ltd, Bangalore	27659.91	27659.91
	64,90,100 (Previous year 64,90,100) Equity Shares of ₹ 10/- each fully paid up in HMT Watches Ltd., Bangalore (Wholly owned Subsidiary Company).	649.01	649.01
	16,60,100 (Previous year 16,60,100) Equity Shares of ₹ 10/- each fully paid up in HMT Chinar Watches Ltd., Jammu (Wholly owned Subsidiary Company).	166.01	166.01
	In Preference Shares of Subsidiaries		
	4,43,00,000 (Previous year 4,43,00,000) 3.5% Redeemable Preference Shares of ₹ 100/- each fully paid up in HMT Machine Tools Ltd, Bangalore (Wholly owned Subsidiary Company).	44300.00	44300.00
		76748.26	76748.26
	Less: Provision for diminution in value of Investment		
	Nigeria Machine Tools Ltd., Nigeria	171.55	171.55
	Gujarat State Machine Tools Corporation Ltd, Bhavnagar	20.84	20.84
	HMT Chinar Watches Ltd. Jammu	166.01	166.01
		358.40	358.40
	Total Non Current Investments	76389.86	76389.86
	Aggregate amount of Unquoted Investments	76389.86	76389.86

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
11.A	HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and have sought for exemption from payment of Stamp Duty from the State Government, pending receipt of order from the State Government, the Share Certificates for 3.5% Preference Shares are not yet issued to HMT Ltd.		
12	LONG TERM LOANS AND ADVANCES		
	Unsecured, Considered Good		
	Capital Advance	442.35	349.36
		442.35	349.36
13	INVENTORIES*		
	Raw Materials and components	744.22	895.43
	Material and components in transit	-	0.06
	Work-in-progress	1139.77	1354.94
	Finished goods #	480.62	877.90
	Stock in Trade	339.26	427.10
	Stores and spares	43.98	52.67
	Tools and instruments	282.05	281.79
	Scrap	5.30	24.85
		3035.20	3914.74
	Less: Provision for Non-moving Inventories	513.00	493.29
		2522.20	3421.45
	* Includes stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / at site	-	-
	# Includes Excise Duty paid/payable	5.31	8.67
14	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	- Considered good	1458.37	1988.66
	- Considered doubtful	4903.61	4458.77
		6361.98	6447.43
	Less: Provision for doubtful debts	4903.61	4458.77
		1458.37	1988.66
	Others		
	Considered good	84.17	101.64
		1542.54	2090.30
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
15	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	7.41	3.34
	Balance with Banks in Current account	215.04	137.04
	Balance with Banks in Deposit account*	693.65	1658.05
		916.10	1798.43
	* Deposits with Maturity Period Less than 3 Months as on 31st March	-	158.46
	* Deposits with Maturity Period More than 3 Months and Less than 12 Months	665.00	1499.59
16	SHORT TERM LOANS AND ADVANCES*		
	Unsecured		
	Loans to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	146.02	1148.68
	HMT Watches Ltd	-	49416.41
	Considered Doubtful		
	HMT Chinar Watches Ltd	-	8265.82
		146.02	58830.91
	Less: Provision for doubtful loans	-	8265.82
	Sub-Total	146.02	50565.09
	Advances to Subsidiary Companies		
	Considered Good		
	HMT Machine Tools Ltd	548.61	401.47
	HMT Watches Ltd	43.35	2403.87
	HMT Chinar Watches Ltd	-	0.22
	HMT Bearings Ltd	-	80.30
	HMT (International) Ltd	-	-
	Sub-Total	591.96	2885.86
	Advances Recoverable In Cash Or In Kind Or For Value to be received:		
	Secured		
	Considered Good	0.48	0.47
	Unsecured		
	Considered Good #	2074.03	1740.68
	Considered Doubtful	115.17	113.13
		2189.20	1853.81
	Less: Provision for Doubtful Advances	115.17	113.13
	Sub-Total	2074.03	1740.68

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
	Other Advances		
	Unsecured		
	Considered Good		
	Balance with Collectors of Customs, Central Excise, etc.,	4.50	2.71
	Deposits	126.79	121.20
	TDS Receivable	42.65	36.52
	Sub-Total	173.94	160.43
	TOTAL	2986.43	55352.53
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member	-	-
	# Includes advances to suppliers, prepaid expenses, CENVAT Credit to be availed, etc.		
17	OTHER CURRENT ASSETS		
	Special Tools	58.69	81.18
	Interest on Trade Receivable	5950.92	5970.24
	Less: Provision for interest on Trade Receivable	5016.11	4756.76
		934.81	1213.48
	TOTAL	993.50	1294.66

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
18	GROSS REVENUE FROM OPERATIONS		
	Sale of Products *		
	Tractors	3299.60	4832.84
	Food Processing Machinery	541.90	487.52
	Accessories	199.90	176.32
	Sale of Services		
	Sundry Jobs and Miscellaneous Sales	592.36	643.13
	Packing / Forwarding charges	9.15	7.59
	TOTAL	4642.91	6147.40
	* Net of Trade Discount		
19	OTHER INCOME		
	Servicing Income	5.48	7.92
	Recoveries from Staff/Others	176.73	146.84
	Royalties from Subsidiaries	8.75	7.95
	Rent Received	799.50	501.28
	Profit on Sale of Assets	0.40	11.99
	Interest Income		
	On Bank Deposits	92.47	117.13
	Interest from subsidiaries on HC Loans	1105.11	1463.96
	Interest from Dealers/Others	3.06	127.29
	Dividend from Subsidiaries	14.40	7.20
	Provisions no longer required withdrawn	8645.75	628.12
	Other Non Operating Income*	234.97	226.88
	TOTAL	11086.62	3246.56
	* Includes Training Expenses recovered, disposal of Scrap, Freight & Insurance Recoveries		
20	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	895.43	1170.51
	Purchases	1776.87	2957.24
		2672.30	4127.75
	Less: Closing Stock	744.22	895.43
	Cost of Materials Consumed	1928.08	3232.32

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
20.A	PARTICULARS OF MATERIALS CONSUMED:		
	Steel	119.51	194.82
	Non-ferrous Metals	1.46	2.11
	Ferrous Castings	68.08	341.76
	Non-ferrous Castings	2.13	3.03
	Forgings	91.94	307.48
	Standard parts	75.76	108.80
	Components	1569.20	2274.32
	Others	-	-
	TOTAL	1928.08	3232.32
21	PURCHASES OF STOCK IN TRADE		
	Purchases of Tractor Spares	185.20	337.57
		185.20	337.57
22	CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS & STOCK IN TRADE		
	Finished Goods		
	Closing Balance	480.62	877.90
	Opening Balance	877.90	1101.88
		397.28	223.98
	Scrap		
	Closing Balance	5.30	28.85
	Opening Balance	24.85	31.74
		19.55	6.89
	Work in Progress		
	Closing Balance	1139.77	1354.94
	Opening Balance	1354.94	1818.88
		215.17	463.94
	Stock in Trade		
	Closing Balance	339.26	427.10
	Opening Balance	427.10	382.14
		87.84	(44.96)
	TOTAL	719.84	649.85
	Details of Work-in-Progress		
	Tractors & its parts	1013.79	1271.52
	Food Processing Machines	125.98	83.42
		1139.77	1354.94

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
23	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	6957.65	6474.64
	House Rent Allowance	202.44	216.19
	Gratuity	1154.97	1748.21
	Contribution to PF & FPS	736.60	728.45
	Deposit Linked Insurance	45.76	17.32
	Contribution to ESI	0.92	0.60
	Welfare Expenses	715.08	792.94
		9813.42	9978.35
	* Includes		
	- Wages for repairs to machinery	247.17	303.29
	- Payments relating to Directors (including Chairman & Managing Director)		
	Salaries	-	2.31
	Provident Fund	-	0.21
	Gratuity	-	0.50
24	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	988.55	723.20
	Cash Credit loans from Banks	421.03	415.28
	Loans from Bank	147.98	147.98
	Inter Corporate Loan	53.28	43.00
	Others	901.73	473.80
	Other Borrowing Cost		
	Finance Charges	9.83	19.55
	Bank / Discounting Charges	10.29	12.81
		2532.69	1835.62
25	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation	257.06	271.35
		257.06	271.35
26	OTHER EXPENSES		
	Manufacturing Expenses		
	Consumption of Stores, Spares, Tools & Pkg. Matls. *	159.70	235.50
	Power and Fuel	331.53	348.94
	Excise Duty	0.73	1.88
	Repairs to machinery	12.78	8.80
	Amortisation of Special Tools	57.45	95.69
	Provision for Non Moving Inventories	22.11	11.34
	Selling & Distribution Expenses		
	Rebate on Sales	153.16	144.45
	Advertisement and Publicity	40.19	32.47
	Carriage outwards	107.83	162.94

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
	Establishment Expenses		
	Rent	16.82	27.49
	Rates and Taxes	148.62	174.17
	Insurance	21.57	24.83
	Water and Electricity	359.10	364.12
	Repairs to building	8.15	5.82
	Printing and Stationery	18.46	18.57
	Auditors Remuneration #	3.59	3.11
	Provision for Doubtful Debts, Loans and Advances	988.10	368.60
	Provision for Contingencies	48.68	-
	Warranty claims	24.36	28.30
	Loss on Assets sold/discarded	0.01	-
	Loss sustained by PF Trust	-	4.71
	Bad Debts / Advances written off	8.28	346.90
	Travelling Expenses	93.45	108.32
	Other Expenses	476.20	538.57
	Less: Recovery of Common Expenses from Subsidiary Companies	(396.84)	(339.12)
		2704.03	2716.40
	* Includes Stores and Spare parts for:		
	Repairs to Machinery	-	0.23
#	As Auditor	2.20	2.20
	For taxation matters	0.31	0.29
	For other services	0.22	0.15
	Reimbursement of expenses	0.63	0.37
	Service tax	0.23	0.10
		3.59	3.11
27	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	(34.96)	(91.69)
		(34.96)	(91.69)
28	EXCEPTIONAL ITEMS	-	-
29	PRIOR PERIOD ADJUSTMENTS		
	Other Expenses	0.42	2.74
		0.42	2.74
	Less:		
	Other Income	1.61	0.94
		(1.19)	1.80

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
30	VALUE OF IMPORTS ON CIF BASIS WITH RESPECT TO:		
	Raw Materials	-	-
	Components and Spare Parts	18.64	31.32
	Capital Goods	-	-
31	EXPENDITURE IN FOREIGN CURRENCY :	-	-
32	EARNINGS IN FOREIGN CURRENCY		
	Sale of Dairy Machinery	18.56	4.75
33	EARNINGS PER SHARE		
	i) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lakhs)	(2474.28)	(9656.66)
	ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	1204091640	1160325355
	iii) Basic and Diluted Earnings per Share (Rs.)	(0.21)	(0.83)
	iv) Face Value per Equity Share (₹)	10	10
34	CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARE PARTS:		
	Imported		
	₹ in lakhs	19.44	8.82
	%	0.93	0.25
	Indigenous		
	₹ in lakhs	2068.34	3459.00
	%	99.07	99.75
35	FUNCTIONAL DISCLOSURE OF THE STATEMENT OF PROFIT & LOSS		
	Particulars		
	Revenue From Operations	4,543.27	6,028.35
	Less: Cost of Materials Consumed	1,928.08	3,232.32
	Less: Purchase of Stock-In-Trade	185.20	337.57
	Less: Changes in Inventories of Finished Goods, Stock-in-Process & Stock-in-Trade	719.84	649.85
	Less: Manufacturing Expenses	584.30	702.15
	Gross Profit	1,125.85	1,106.46
	Less: Selling & Distribution Expenses	301.18	339.86
	Less: Establishment Expenses	1,818.55	1,674.39

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
	Add: Jobs done for Internal use	34.96	91.69
	Operating Profit before Depreciation, Interest & Tax	(958.92)	(816.10)
	Less: Depreciation & Amortization Expense	257.06	271.35
	Operating Profit before Interest & Tax	(1,215.98)	(1,087.45)
	Less: Finance Costs	2,532.69	1,835.62
	Less: Employment Expenses	9,813.42	9,978.35
	Operating Profit before Tax & Exceptional Items	(13,562.09)	(12,901.42)
	Add: Other Income	11,086.62	3,246.56
	Profit before Tax & Exceptional Items & Prior period adjustments	(2,475.47)	(9,654.86)
	Less: Exceptional Items & Prior period adjustments	(1.19)	1.80
	Profit before Tax	(2,474.28)	(9,656.66)
	Less: Current Tax Expense	-	-
	Profit After Tax	(2,474.28)	(9,656.66)

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

Particulars	Tractors Division	Food Processing Machinery Division	HMTL Total
1 Segment Revenue			
- External Turnover	3922.49	720.42	4642.91
Gross Turnover	3922.49	720.42	4642.91
Less: Excise Duty	67.94	31.70	99.64
Net Turnover	3854.55	688.72	4543.27
2 Segment Results			
Segment Result before interest & Taxes	(9478.11)	(266.58)	58.41
Interest	2235.21	55.89	2532.69
Profit/(Loss) before Tax	(11713.32)	(322.47)	(2474.28)
Taxes	-	-	-
Profit/(loss) after Tax	(11713.32)	(322.47)	(2474.28)
3 Other information			
Segment Assets	8587.44	438.95	87963.87
Segment Liabilities	39983.54	1497.60	48717.95
Capital Expenditure	1.95	23.93	29.95
Depreciation	231.36	9.25	257.06

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
37	<u>DISCLOSURE REGARDING PROVISIONS:</u>		
	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 1.4.2015		15.31
	Additions during 2015-16		14.62
	Total		29.93
	Less: Used during 2015-16		
	Utilised	15.31	
	Withdrawn	-	15.31
	Closing Balance as on 31.3.2016	-	14.62

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

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

Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof:

(₹ in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Machine Tools Ltd	31/03/2016	1148.68	-	1029.85	27.19	146.02
HMT Machine Tools Ltd	31/03/2015	1115.41	-	-	33.27	1148.68
HMT Watches Ltd	31/03/2016	49416.41	3,474.20	53836.00	945.39	-
HMT Watches Ltd	31/03/2015	48161.62	-	-	1254.79	49416.41
HMT Chinar Watches Ltd	31/03/2016	8265.82	-	8,398.00	132.18	-
HMT Chinar Watches Ltd*	31/03/2015	8108.91	-	19.00	175.91	8265.82
HMT Bearings Ltd	31/03/2016	-	80.00	80.00	-	-
HMT Bearings Ltd	31/03/2015	-	-	-	-	-

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

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	transfers	Closing Balance
b) Advances (Dr / (Cr))						
SUDMO HMT Process Engineers (India) Ltd.	31/03/2016	4.85	2.49	4.85		2.49
	31/03/2015	2.45	2.40	-		4.85
HMT Machine Tools Ltd	31/03/2016	401.47	147.14	-		548.61
HMT Machine Tools Ltd	31/03/2015	575.63	-	174.16		401.47
HMT Watches Ltd	31/03/2016	2403.87	1113.68		3474.20	43.35
HMT Watches Ltd	31/03/2015	2368.53	35.34	-		2403.87
HMT Chinar Watches Ltd	31/03/2016	0.22	-	22.20		(21.98)
HMT Chinar Watches Ltd	31/03/2015	(0.09)	0.31	-		0.22
HMT Bearings Ltd	31/03/2016	80.30		141.74	80.00	(141.44)
HMT Bearings Ltd	31/03/2015	89.36	5.94	15.00		80.30
HMT (International) Ltd	31/03/2016	(17.08)	-	6.40		(23.48)
HMT (International) Ltd	31/03/2015	34.06	-	51.14		(17.08)

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

(₹ in lakhs)

d) Name of the Transacting Related Party		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
Revenue from Operations	-	-	-	-	-	-	-
Other Income :	2015-16	27.19	945.39	132.53	8.75	-	1113.86
	2014-15	33.27	1254.79	175.41	7.95	-	1471.42
Purchases :	2015-16	-	-	-	13.62	-	13.62
	2014-15	-	-	-	11.89	-	11.89
General Expenses :	2015-16	(303.17)	(38.81)	-	(49.06)	(5.80)	(396.84)
(recovery of expenses)	2014-15	(249.74)	(36.52)	-	(47.14)	(5.72)	(339.12)
Interest :	2015-16	-	-	-	46.26	7.02	53.28
	2014-15	-	-	-	43.00	-	43.00

- e) Remuneration to Key Management Personnel:

Name of Related Party		Salary	Other Allowance	TOTAL
Nil	2015-16	-	-	-
1) Antony Chacko*	2014-15	2.31	0.71	3.02

* Ex-Key-Managerial Personnel

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
39	CONTINGENT LIABILITIES:		
	The Company is contingently liable for:		
39.A	Claims against the Company not acknowledged as debts*		
	I. Tax related claims pending in appeal		
	i) Excise Duty	2.48	2.48
	ii) Sales Tax	151.22	217.50
	II. Non receipt of related Forms against levy of concessional Sales Tax	528.11	629.54
	III. Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	10.04	33.06
	IV. Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	240.26	300.74
	V Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	39.87	27.05
	VI Liability towards interest on delay in Gratuity payments	127.67	
39.B	The Company had deposited ₹16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only ₹ 2,69,433/- as debts	13.31	13.31
39.C	Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
39.D	An amount of ₹ 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. ₹ 301813/- has been deposited by the Company		
39.E	The GOI had released a Plan Assistance of ₹ 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (₹100 lakhs) & Loan (₹100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of ₹ 200 lakhs. Accordingly, the Company has refunded the Loan amount of ₹100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of ₹10/- each (₹100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
39.F	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. However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of ₹100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
40	Advances include		
40.A	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	0.11	0.12
40.B	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending	907.75	908.91
41	Balances under 'Trade Receivables', 'Loans & Advances', 'Trade Payables' and 'Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.		
42	Value of Special Tools individually costing less than ₹ 750 written off during the year.	19.55	55.47
43	Revenue expenditure on Research & Development charged to Statement of profit & loss	240.04	285.36
44	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		
45	EMPLOYEE BENEFITS:		
	The Gratuity has been provided by the Company under a Defined Benefit Plan to cover the eligible employees, the liability being determined on actuarial valuation done by LIC using Projected Unit Credit Method. The Company has taken a Policy under Group Gratuity Scheme with LIC and annual contributions are made to the extent required, to the separate Trust constituted and administered by the Life Insurance Corporation of India under which the coverage is limited to ₹ 50,000/- per eligible employee and the balance is being retained in the books to meet any additional liability accruing thereon. The provision for gratuity as on 31-03-2016 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 ₹ 6356.96 lakhs and additional provision made during the year for full coverage (based on salary at year end) in excess of ₹ 50000/- per employee based on actuarial valuation by LIC ₹ 1154.97 lakhs The provision of ₹ 1379.97 lakhs towards Earned leave encashment and ₹ 321.88 Settlement allowance is carried in the books as on 31.3.2016 to cover the eligible employees based on the actuarial valuation done by qualified Actuary. However, an amount of ₹ 803.18 lakhs and ₹ 37.90 lakhs respectively has been provided during the year.		

NOTES FORMING PART OF BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
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The actuarial valuation has been made based on the following assumptions:

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

(₹ in lakhs)

	Gratuity (Funded)		Gratuity (unfunded)		Earned Leave Encashment (Unfunded)		Settlement Allowance (Unfunded)	
	2015-16	2014-15	2015-16	2014-15*	2015-16	2014-15*	2015-16	2014-15*
1 Reconciliation of changes in respect of obligations								
Present value of obligation as at beginning of year	491.13	480.59	7571.39	6861.73	989.50	754.57	368.45	318.01
Interest cost	39.29	38.45	605.71	550.16	78.75	60.04	29.19	25.43
Current Service Cost	0.57	0.54	211.82	211.18	201.56	184.27	40.24	43.26
Benefits Paid	0.00	2.00	0.00	2.00	10.25	8.26	7.06	0.37
Actuarial (gain)/loss on obligations	(136.51)	(26.45)	(1247.45)	(49.68)	120.41	(1.12)	(108.93)	(17.88)
Present value of obligation as at end of year	394.48	491.13	7141.47	7571.39	1379.97	989.50	321.89	368.45
2 Reconciliation of changes in the fair value of plan assets								
Fair value of plan assets at the beginning of year	729.27	671.20	729.27	671.20	0.00	0.00	0.00	0.00
Expected return on plan assets	56.15	60.07	56.15	60.07	0.00	0.00	0.00	0.00
Contributions of Employer	0.00	0.00	0.00	0.00	10.25	8.26	7.06	0.37
Benefits paid	0.00	2.00	0.00	2.00	10.25	8.26	7.06	0.37
Actuarial Gain / (Loss) on Plan assets	-	-	-	-	-	-	-	-
Fair value of plan assets at the end of year	785.42	729.27	785.42	729.27	0.00	0.00	0.00	0.00
Actual Return on Plan Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Reconciliation of fair value of plan assets								
Fair value of plan assets at beginning of year	729.27	671.20	729.27	671.20	989.50	754.57	368.45	318.01
Present Value of Obligations at the year end	56.15	60.07	56.15	60.07	1379.97	989.50	321.89	368.45
Amount recognised in Balance Sheet	0.00	0.00	0.00	0.00	1379.97	989.50	321.89	368.45
4 Actuarial Gain/Loss recognized								
Actuarial gain/(loss) for the year - Obligation	136.51	26.45	1247.45	49.68	(120.41)	1.12	108.93	17.88
Actuarial gain/(loss) for the year - plan assets	-	-	-	-	-	-	-	-
Total (gain)/loss for the year	(136.51)	(26.45)	(1247.45)	(49.68)	120.41	(1.12)	(108.93)	(17.88)
Actuarial gain/(loss) recognised in the year	136.51	26.45	1247.45	49.68	0.00	0.00	0.00	0.00
5 Amounts recognised in the Balance Sheet and Statement of Profit & Loss								
Present value of obligations as at the end of the year	394.48	491.13	7141.47	7571.39	1379.97	989.50	321.89	368.45
Fair Value of plan assets as at the end of the year	785.42	729.27	785.42	729.27	0.00	0.00	0.00	0.00
Actuarial (Gain)/ Loss on Obligation	-	-	-	-	120.41	(1.12)	(108.93)	(17.88)
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-	-	-	-	-
Net (Asset)/Liability recognised in the Balance Sheet	-	-	6356.05	6842.12	1379.97	989.50	321.89	368.45

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016 (₹ in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra-ordinary Items	(2,474.28)	(9,656.66)
Adjustment for:		
Depreciation & Amortisation	257.06	271.35
Profit on Sale of Fixed Assets (net)	0.39	11.99
Amortisation of Special Tools	57.45	95.69
Foreign Exchange (net)	-	-
Interest debited (Net)	1,332.05	127.24
Dividend received	(14.40)	(7.20)
Bad debts/advances, obsolete materials written off	8.28	346.90
Provision for slow/non moving inventories, Doubtful debts, Loans & Advances and Investments	(7,586.86)	(5,946.03)
	(248.18)	597.79
Operating Profit Before Working Capital Changes	(8,420.31)	(9,058.87)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	(347.26)	800.02
(Increase)/Decrease in Inventories	879.54	966.48
(Increase)/Decrease in Other Current Assets	(12.58)	256.11
Increase/(Decrease) in Trade payables & Other Current Liabilities	8,238.13	3,262.31
	8,757.83	5,284.92
Cash Generated From Operations	337.52	(3,773.95)
Direct Taxes paid	-	-
Cash Flow Before Extra-ordinary Items	337.52	(3,773.95)
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	337.52	(3,773.95)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(29.95)	(7.53)
Sale proceeds of Fixed Assets	0.40	12.00
Sale of Investments	-	-
Dividend Received	14.40	7.20
(Payment)/Receipt-Subsidiaries	62,253.72	217.70
Interest Received	92.47	117.13
NET CASH USED IN INVESTING ACTIVITIES	62,331.04	346.50

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	(62,314.00)	0.00
Proceeds from Long Term/Short Term Borrowings	416.00	1,946.00
Repayment of Long Term/Short Term Borrowings	(256.72)	(128.09)
Exchange Difference (net)	-	-
Interest Paid	(1,396.17)	(965.54)
NET CASH USED IN FINANCING ACTIVITIES	(63,550.89)	852.37
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(882.33)	(2,575.08)
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	1,798.43	4,373.51
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	916.10 (882.33)	1,798.43 (2,575.08)

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

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

For and on behalf of the Board

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

S. Girish Kumar

Chairman & Managing Director
DIN : 03385073

P. Sivarami Reddy

Director
DIN : 02678958

CA. Sushil Kumar Dokania

Partner
Membership No.057020

Place: New Delhi
Date : May 30, 2016

CONSOLIDATED FINANCIAL STATEMENTS

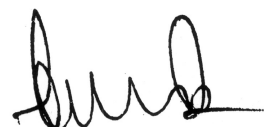
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2016

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 September 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of HMT Limited and subsidiary HMT Machine Tools Limited, but did not conduct supplementary audit of the financial statements of subsidiaries listed in the Annexure for the year ended on that date. Further, section 139(5) and 143(6)(b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed Statutory Auditors nor conducted the supplementary audit of this company. This supplementary audit has been carried out Independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

For and on the 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 : 25.10.2016

Annexure**Subsidiaries**

1. HMT (International) Limitd
2. HMT Chinar Watches Limited, Jammu& Kashmir
3. HMT Watches Limited, Bangalore
4. HMT Bearings Limited, Hyderabad

INDEPENDENT AUDITORS' REPORT

To
The Members of
HMT Limited

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of HMT Limited (hereinafter referred to as 'the Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its Joint Venture Company, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group including its Joint Venture Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interest). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility:

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of

their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion:

In case of HMT Watches Limited, no new provision for warranty has been made in the current reporting period even though there has been sales during the reporting period and no adjustment to brought forward provision for warranty has been made during the period under audit.

The financial statements of HMT Machine Tools Ltd, HMT Chinara Watches Ltd and Sudmo HMT Process Engineers (India) Ltd have not disclosed the aging of the deposits with bank. The amount of deposits are ₹ 1753.10 Lakhs, ₹ 3.00 Lakhs and ₹ 40.40 Lakhs respectively.

Note No. '17' of the Consolidated Balance Sheet includes bank deposit of ₹ 1,220.94 Lakhs which is due for more than 12 months. The nature of this deposit is Non-Current and should have been disclosed under the head "Other Non-Current Assets" instead of the head 'Cash and Cash Equivalents'. Therefore, the consolidated current assets of the company is overstated by ₹ 1,220.94 Lakhs

The Statutory Auditors of the Holding Company and its subsidiary have expressed their basis of opinion as under:

HMT Limited

CHO:

1. The amount of Gratuity Provision (Unfunded) to be recognized in Balance Sheet as per actuary valuation report is ₹ 6,356.05 Lakhs. Whereas as per Note No. 5 & Note No. 9 the aggregate provision amounts to ₹ 6,356.96 Lakhs. Due to such over provision the company's loss is overstated with ₹ 0.91 Lakhs

Tractor Division, Pinjore:

1. The company has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although balances are subject to confirmations and reconciliation, if any.

2. During the year 2015-16, Actuarial Valuation has not been obtained by the Company with respect to the provisions made for Provident Fund and Outstanding amount has been shown amounting to ₹ 5,877.69 Lakhs.

HMT Watches Limited:

1. Dis-agreement on accounting policies – inappropriate disclosure

- a. Disagreement on Accounting Policies inappropriate Disclosure

i. Going Concern Concept:

- a. The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
- b. The accumulated losses of the company as at the close of 31st March 2016 amounted to ₹ 2,67,181.09 lakhs against which the paid up capital of the company is ₹ 649.01 lakhs and has totally eroded the net worth of the company.
- c. The company has been incurring continues operating losses for the past few years.
- d. The total liabilities of the company as at the close of 31st March 2016 is ₹ 2,96,085.14 lakhs against which the Fixed and current assets are only ₹ 29,553.06 lakhs.
- e. The contingent liabilities disclosed in the financial statements are ₹ 6,572.38 lakhs and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

- b. Certain internal control deficiencies were observed during the course of audit of financial statements. The management does not establish adequate internal controls to ensure that transactions were properly classified, accounted, reviewed and reconciled. The units of the company did not follow the established

internal controls such as performing account reconciliations, obtaining periodical conformation of balances, and periodical verification of fixed assets, payment vouchers duly supported by sanctions and providing management an oversight of the financial management accounting processes.

- c. The company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements in line with the accounting standard-28.
- d. Depreciation on leasehold land and building in the case of Watch Marketing Division has been computed at 10% by applying straight line method rates of depreciation which is contrary to the rate specified in Schedule II of Company Act 2013. The impact of the same on the net loss of the company and also on carrying cost of tangible assets is not ascertainable.
- e. The details for fixed assets with written down value of Rs 1 lakh and above which have been retired from active use and disclosed at lower of book or net realizable value were not made available in respect of watch factory Ranibagh.
- f. Valuation of inventories not being in accordance with the Accounting standard 02-Valuation of Inventories due to:
 - Not conducting the physical verification of raw materials during the financial year 2015-16 and raw materials consumption is not commensurate with production during the year compare to the previous year in respect of watch factory Bangalore.
 - In watch factory Tumkur the work in progress is valued at cost instead of on the basis of percentage of completion basis taking into consideration the NRV of finished goods.
 - In watch factory Tumkur provision was made towards obsolescence considering the accretion to the work in progress instead of accretion to work in progress over a period of time and technological changes.

Work in progress is valued at cost instead of lower of cost and NRV.

- Individual details of slow/non moving goods and obsolete inventories were not made available to us. In Watch Marketing Division and Watch Factory Ranibagh no provision was made towards non moving/slow moving inventory which is contrary to the Accounting policy of the Company. Accordingly, we are unable to comment on adequacy of such provisions made in the accounts.
- No provision for additional duty redemption fine and penalty of ₹150.00 lakhs was made in the accounts relating to watch components valued at ₹ 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.
- The Watch Marketing Division has not obtained confirmation of balances from the customs authorities in respect of watch components taken into custody by customs authorities and included in inventories valuing ₹ 67.12 lakhs.
- Valuation of finished goods pending receipt of physical verification certificates in respect of stocks at showrooms/exhibitions/on consignments.
- Closing stock of spares at showroom is reduced by 51.76% on MRP value to arrive at cost. Basis for the computation of percentage were not available. Hence, we are unable to comment on the accuracy of valuation of such stocks and impact on the financial statements is not ascertainable.

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

- g) Company has not disclosed contingent liability if any relating to sale of land to Canara bank and subsequent claim by third party vide miscellaneous petition no. 621/622 pending adjudication.

- h) As required by Part II, Schedule III of the Companies Act 2013, the statement of profit and loss account does not disclose item of income or expenditure which exceeds 1 percent of revenue from the operation or ₹1 lakh whichever is higher.
- i) Finance cost includes interest on delayed payment of statutory dues instead of disclosing the same distinctly.
- j) Short term loans and advances: Advance recoverable in cash or in kind includes a sum of ₹ 14.51 lakhs being suspense account OBS (Dr Balance) relating to Watch Marketing Division. Individual details of such debits are not ascertainable. They are subject to reconciliation. Net impact of the same on the financial result of the unit is not ascertainable.
- k) As stated in note no. 32, no provision is made for liabilities aggregating ₹ 4,060.73 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by ₹ 4,060.73 lakhs and corresponding understatement of current liabilities to that extent.
- l) The company has not made provision for liability towards the interest payable under micro- small and medium enterprises development act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company if not ascertainable. In the absence of confirmation from vendors and non availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.
- m) In watch factory Bangalore no provision towards warranty for products sold was made in the accounts. This is contrary to AS-29.
- n) In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of ₹ 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of ₹ 665.19 lakhs has been made towards such taxes and penalties as at the 31st March 2016. As the distress warrant being in the nature of attachment of movable property towards the property tax, the fact regarding distress warrant has not been disclosed in the financial statements.
- o) One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for ₹ 128 lakhs. This fact together with contingent liability if any, has not been disclosed in the financial statements of the company.
- p) As required by part I of schedule III of the Companies Act 2013 the value of office equipment has not been shown distinctly and is included in the value of furniture, fixtures and office appliance of the fixed assets schedule.
- q) In Watch Factory Ranibagh, as disclosed in note no. 12.7 the Unit is holding leased hold land of 33.32 acres. The board in its meeting held on 30th June 2014 has decided to retain 10 acres of land and surrender balance of 23.32 acres to the forest authorities. This fact has not been disclosed.
- r) Other current liabilities of ₹ 2,930.79 lakhs disclosed in note no. 9.1 includes claims suspense accounts statutory dues EMD, misc recoveries etc. As required by part 1, schedule III to the Companies Act 2013, the nature of payables has not been disclosed.
- II. Disagreement on accounting issues**
- a) Other current liabilities include a sum of ₹ 889.62 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the respective under fixed assets though there are not future economic benefits flowing to the company and the possession is already given to the

buyer. The consequential impact on the losses, carrying amount of the fixed assets, depreciation and taxes are not ascertainable.

- b) Fixed assets have been transferred from the Holding Company (HMT Ltd) to the company at the gross vales, reserve for the depreciations and net values as on 01.04.2000 in accordance with the scheme of arrangement approved by the Department of the Company Affairs. The depreciation has been charged from the accounting year 2000-01 and onwards on the original cost of the assets on straight line basis, keeping in view the estimated life of the assets. Fixed assets should have been recorded at original cost to the company instead of historical cost to HMT Ltd. This has resulted in overstatement 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 the overstatement of losses and understatement of net block of the assets are not ascertainable.
- c) Gross block of fixed assets in Watch Marketing Division as on 01.04.2013 is ₹ 509.51 lakhs as against ₹ 322.24 lakhs as per fixed asset register. The difference of ₹ 187.27 lakhs has not been reconciled. In the absence of reconciliation the impact on the financial statements is not ascertainable.
- d) No physical verification of fixed assets was carried out during the year, in respect of Watch Marketing Division and Watch Factory Bangalore. In the absence of physical verification of fixed assets we are unable to comment on material discrepancies if any, its treatment in the books of accounts and impact on the financials results of the company including carrying cost of fixed assets.
- e) There are many unspecified/excess credits in various bank accounts pending reconciliation/identification of parties amounting to ₹ 9.50 Lakhs carried as other current liabilities in Watch Marketing Division and its consequential effect on the net loss for the year is not ascertainable. This is continued without reconciliation/identification for a long time.
- f) There is no system of obtaining periodical confirmation of balances relating to trade receivables, trade payables, loans and advances, current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.
- g) Balances with banks in current account with scheduled banks relating to few of the show rooms relating to Watch Marketing Division are as per books of accounts and are subject to confirmation by the respective banks.
- h) Other bank balances include deposits with scheduled banks furnished as margin money to bank guarantee. Confirmation of balances of fixed deposit held as margin money as at the close of the year has not been obtained.
- i) Other liabilities include a sum of ₹ 39.27 lakhs representing suspense account OBS (Cr) and ₹ 1.05 lakhs representing suspense account bills (Cr) relating to watch marketing division. Individual details of such credits/debits are not ascertainable and are subject to reconciliation. Net impact of the same on the financial result of the company is not ascertainable. This is continued to be shown as such over a long period of time.
- j) 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.
- k) 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 31.03.2016 amounting to ₹ 3,854.93 Lakhs.

- l) The details for interest on delayed payment of Provident Fund and other statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
- m) No provision towards gratuity amounting to ₹ 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit ₹ 28 Lakhs, which is contrary to Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.
- n) In Watch Marketing division, as per decision of the Board of Directors, some show rooms have been informed to be closed and the assets transferred to Global Warehouse, Bangalore. The assets sent by such showrooms have not been segregated into fixed assets and stocks and accounted in the books of Global warehouse. No physical verification of such assets was carried out at the Global warehouse. In the absence of physical verification, we are unable to express our opinion on the value of fixed assets and stock in trade carried in the financial statements.
- o) In Watch Marketing Division, Retention Deposit, EMD and Security Deposits and other old outstanding liabilities shown under other current liabilities continue to be carried forward and many of the showrooms have been closed. Complete party wise details of such deposits are not available and no steps have been taken to ascertain the details and review/reconciliation of such deposits.
- p) KVAT input credit as per books of Watch Factory Tumkur is ₹ 37.61 Lakhs whereas as per KVAT Form 100 it is ₹ 5.44 Lakhs. No reconciliation has been carried out. In the absence of reconciliation, impact on financial statements is not quantifiable.

HMT Chinar Watches Limited :

1. The company decided to close its unit and grant voluntary retirement to its employees.
2. Balance as at 31st March, 2016 in respect of receivables and payables are subject to confirmation and reconciliation. Most of them are being carried from year to year without any adjustment. Trade Receivables of ₹ 180.73 lakhs are outstanding for several years and their financial standing is doubtful of recovery.
3. The Government of India has already decided to close the company. However, till the time of closure, the company will get continuous support from government. The financial statements have been prepared on going concern assumption basis and therefore no adjustments have been considered relating to assets and liabilities. Also no provision for possibility of claims and losses which the company may face in future due to closure. Implementation of recommendations of Committee of Secretaries made in 2009 is pending for final implementation, hence continue incurring losses.

Basis for Adverse Opinion by auditors of HMT Bearings Limited:

The Company was directed by the Government of India Ministry of Industry and Public Enterprises vide their letter dated 13th January 2016, directed the company to close its operations. The said letter clearly indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may not be able to carry the normal course of business. The financial statements are however prepared on a going concern basis.

Adverse Opinion issued by the Auditors of HMT Bearings Ltd:

In our opinion, because of the omission of the information mentioned in the Basis of Adverse Opinion paragraph, the financial statements do not give the information required by the Companies Act, 2013 in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Qualified Opinion:

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

HMT International Ltd:

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

HMT Machine Tools Ltd :

The Company has not determined by actuarial valuation liability for Provident Fund dues as at 31st March, 2016. Consequent effect of the same on the financial statements for the year is not ascertainable. As per AS 15, where in terms of any plan the enterprise's obligation is to provide the agreed benefits to current and former employees and the actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the enterprise, the plan would be a defined benefit plan. Accordingly, provident funds set up by employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with the requirements of paragraph 26(b) of AS 15. Hence this is not in compliance with the Accounting Standard 15 "Employee Benefits"

the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group and its joint venture company as at 31st March 2016;
- ii) in case of Consolidated Statement of Profit & Loss, the consolidated loss for the year ended on that date; and

- iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

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

- i) We draw attention to "Basis of preparation of Financial Statements" disclosed in significant accounting policies to the financial statements are prepared as of a going concern in spite of decision to close the company and substantial operational losses being incurred and company's operations are negligible compared to the installed capacity of working.
- ii) Note No.11.2 – 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. 11.4 – 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 unauthorized 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. 11.5 – regarding non identification of equivalent value of land sold and transferred during 2003-04 based on a MOU entered into between HMT Ltd and the Company. Certain lands were sold and the profit on sale of such lands amounting to ₹ 1,421 Lakhs were accounted in books of account of HMT Ltd, holding company and equivalent value of the land has not yet been indentified and transferred to the company.
- v) Note No. 32.00 disclosing Contingent Liabilities and Commitments to the extent not provided for in the accounts aggregating ₹ 6,572.38 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. 32.1, 32.2, 32.3 and 32.4 – regarding pendency of sales tax assessments, suits filed by employees and non ascertainment of liabilities on sale of land, respectively, not provided for in the accounts.
- vii) Note No. 38.0 – regarding non refund of ₹ 100 Lakhs to GOI out of ₹ 200 Lakhs – Plan Assistance received during March 2007 for meeting capital expenditure and accounting of FD in favor of Holding Company.
- viii) Note No.41 (b) – regarding inclusion of ₹ 1,004.35 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 ₹ 1880.75 Lakhs. No adjustment towards the corresponding advance account has been made during the year in respect of settlements made during the year. The Company has not reviewed the settlements made in the past and taken action to adjust the advances.
- ix) Note No. 47 – regarding disclosure as per Accounting Standard 15 (Revised). The detailed workings were not made available and we have relied on the intimation received from the Holding Company. Further, no reconciliation of opening balance and closing balance of the present value of the defined benefit obligation showing separately the effect attributable to current service cost, interest cost, contribution to be made has not been ascertained from the holding company and disclosed in the financial statements as required by Accounting Standard 15 on 'Employee Benefits'.

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

1. Non – confirmation of trade payables, receivables, Advances, and margin money deposit the consequential effect on the financial statements is not ascertainable.
2. No provision is made for the liability if any, towards the interest payable under Micro, Small and Medium

Enterprise Development Act 2006 to the extent of non-confirmation of balances by the vendors as on 31st March 2016. The impact on non provision of such interest on the financial result cannot be quantified due to unavailability of required information.

Our opinion is not qualified in respect of these matters.

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

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

- a) Note No. B2 and para 8g of Note B-21 to the financial statements regarding net worth of Company, Now the Company is fully dependent on the Government budgetary support for meeting its recurring expenditures. Due to losses in the current year and in the past, net worth of the Company has been fully eroded. The Company's management is in the process to shut operations through auction of its assets and grant voluntary retirement to its employees. The company has accumulated deficits and the net worth of the Company has been totally eroded. The negative net worth is ₹ 59,170.61 Lacs as at March 31, 2016. However, the company will get continued support from the Government of India, hence financial statements have been prepared on going concern assumption basis. Consequently, no adjustments have been made in accounts relating to the recoverability of recorded assets amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the Company.
- b) Financial statements regarding impairment of assets, the Company has taken a certificate from Technical Expert Committee of the Company for net realizable value of fixed assets and according to the certificate the net realizable value is more than the carrying value of fixed assets as at March 31, 2016, hence no adjustments have been made in the books of accounts of the Company in respect of impairment of fixed assets.

Other Matters:

1. We did not audit the financial statements of the subsidiaries whose financial statements reflect total

assets of ₹ 744.39 Crores as at 31st March, 2016, total revenues of ₹ 278.98 Crores and net cash flows amounting to ₹ 247.53 Crores for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statement of joint venture company whose financial statement reflect total assets of ₹ 0.43 Crores and total revenue of ₹ 0.04 Crores and net cash out flows amounting to ₹ 0.01 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 323.20 Crores for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of its joint venture company, whose financial statements have not been audited by us. These financial statements of the subsidiaries and joint venture entity are audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and joint venture company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint Venture company, is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

2. The amount of loan payable by the group to Government of India which were matured and due for payment in the earlier years has been disclosed under the head 'Long Term Borrowings' in Note No. '5' on 'Long Term Borrowings' instead of disclosing them under the head 'Current Maturities of Long Term Debt' in Note No. '10' on 'Other Current Liabilities'.
3. In the Standalone Balance Sheet of HMT Bearings Ltd, the amount of deposits to Government Authorities, other deposits, TDS receivable, etc. of ₹ 46.74 Lakhs were

considered as a Long Term Loans and Advances. But, the same have been considered as Short Term Loans and Advances in the Consolidated Balance Sheet.

4. In our Independent Auditors' Report of Holding Company, we have reported
 - a. We did not audit the financial statements of certain branches/units. These have been audited by other Branch Auditors whose reports have been furnished to us and our opinion is solely based on the reports of Other Branch Auditors.
 - b. The financial statements of Lamp Division have been merged with CHO Accounts and our report insofar as it relates to the amounts included in respect of this Division is based solely on Closing Balances of Last Year's Financial Statement of CHO Accounts.
 - c. The Physical share certificates for 26,08,99,037 Equity Shares of M/s. HMT Machine Tools Ltd having value of ₹ 26,089.90 Lakhs and 4,43,00,000 Preference Shares of M/s. HMT Machine Tools Ltd having value of ₹ 44,300.00 Lakhs are not in the possession of the Company.
 - d. Payments to third parties are being made relating to SUDMO-HMT Process Engineers (India) Ltd, a Joint Venture, are paid by the Company against which it receives the reimbursements from them.
 - e. The report of Internal Auditor of Corporate Head Office is not quantifying the failures of the statutory dues payable by the Company.
 - f. The amount of ₹ 1,06,957.00 -Tax Deducted at Source has been included in Trade Receivables instead of Balances with Statutory Authority under Short Term Loans & Advances.
 - g. The Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in Index of Charges registered with Registrar of Companies for its Index Number 80046855.

- h. Income of Royalty from HMT International Ltd is accounted for on the basis of lower of 0.5% of Turnover or 7.5% of Profit before Tax of Flash Report whereas the above income should be accounted for on the basis of audited financial statements.

- i. The Branch Auditors of Tractor Division, Pinjore have

Reported the following other matters:

- a. Balance in Current Maturities of GOI Loans – Statutory Dues and Working Capital and Bridge Loan as given in Note – 9 of Balance Sheet amounting ₹1153.84 Lakhs has been given and we have relied on the basis of the Certificate received from the Management.
- b. During the year 2015-16, the Management has declared doubtful debts amounting ₹ 4850.16 Lakhs which is very high in percentage and full provision has been made in the Profit & Loss Account and accordingly, provision has been made of interest receivable on debts amounting ₹ 5016.11 Lakhs and we have relied upon the certificate obtained from the Management.
- c. During the year 2015-16, the provision for obsolescence has been shown by the Company amounting ₹ 457.99 Lakhs and we have relied upon the Certificate received from the Management of the Company.
- d. During the year 2015-16 the provision for contingencies has been shown by the Company amounting ₹ 273.19 lakhs and we have relied upon the certificate received from the Management of the Company.
- e. During the year 2015-16 the Provision for Gratuity has been shown by the Company amounting to ₹ 1102.92 lakhs and we have relied upon the certificate received from the Management of the Company.

These matters give an unmodified opinion on Financial Statements of the unit.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of

the other auditors and the financial statements / financial information certified by the Management.

The Statutory Auditors of subsidiaries have reported:

HMT Watches Ltd

- i) “The accounting of the following is as per Holding Company’s (HMT Limited) directions which are not verified by us, in the absence of detailed workings made available:
- o Interest on loan from Holding company
 - o Loan from Government of India and HMT Limited
 - o Interest subsidy on loan from Holding company.
- ii) Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.
- iii) The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.”

HMT Machine Tools Ltd:

“We did not audit the financial statements of 6 branches included in the Financial Statements of the Company for the year ended on that date, as considered in the Financial Statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not qualified in respect of this matter.”

HMT Chinar Watches Ltd:

“The financial statements of the Company as at March 31, 2015 and for the year then ended were audited by another firm of Chartered Accountants M/s Vijay K. Agarwal & Co. who vide their report expressed an opinion on those Financial Statements.

The books of accounts are maintained manually but they are found in a very bad condition. However it was very difficult for us to reconcile the Balance Sheet with the books of accounts as the physical books maintained were in a dilapidated condition.”

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143 (5) of the Act, our submissions are as under:

- a. we give in the Annexure ‘A’, a statement on the compliance to Directions issued by the Comptroller and Auditor General of India
- b. we have not received any statement on the compliance to specific sub directions issued by the Principal Director, Commercial Audit and Ex-Officio Member, Audit Board, Hyderabad for financial year 2015-16

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of a subsidiary and the joint venture company, as noted in the ‘Other Matter’ paragraph, we report, to the extent applicable, that:

- a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) Except for the matter described in Basis for Qualified Opinion paragraph above, the reports on the accounts

of the branch offices of the Holding Company, and its subsidiaries, and its joint venture company incorporated in India, audited under Section 143 (8) of the Act by branch auditors have been sent to us / the other auditors, as applicable, and have been properly dealt with in preparing this report.

- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary – HMT Chinara Watches Ltd and Joint Venture Company – Sudmo-HMT Process Engineers (India) Limited, incorporated in India, none of the directors of the said companies, is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

HMT Bearings Ltd:

Being a Government Company, provisions of section 164(2) of the Companies Act, 2013 is not applicable as per Notification dated 05th June, 2015 issued by the Department of Company Affairs, Government of India.

On the basis of reports of its Subsidiary Companies –

HMT Watches Ltd: Based on the Notification No. GSR829(E) dated 21.10.2003 issued by the Department of

Company Affairs, Government of India, the requirements under sub-section (2) of Section 164 of the Companies Act, 2013 does not apply to the Company, being a Government Company.

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

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

- h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As per the audit reports of the holding company, M/s. HMT Bearings Ltd, M/s. SUDMO HMT Process Engineers (India) Limited, have disclosed the impact of pending litigations on their financial position in their Financial Statements. The auditors of other companies have reported in the following manner:

M/s. HMT Watched Ltd has not ascertained and disclosed the impact of pending litigations on its financial position in its financial statements.

M/s. HMT Chinar Watches Ltd have no pending litigations which would materially impact its financial position.

The audit report of M/s. HMT International Ltd and M/s. HMT Machine Tools Ltd do not report on this matter.

- ii. The Holding Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts and the auditors of other companies have reported in the following manner:

HMT Bearings Limited:

Except for the possible effects of the matter described by the auditors in the Basis for Adverse Opinion paragraph above, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

M/s. HMT Watches Ltd, M/s. HMT Chinar Watches Ltd, SUDMO HMT Process Engineers (India) Ltd have no long term contract including derivative contract for which provision is required to be made as required under the applicable laws or accounting standards for material losses

The audit report of M/s. HMT International Ltd and M/s. HMT Machine Tools Ltd have not reported on these matters.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and 3 of its subsidiary companies, Joint Venture Company incorporated in India. The audit report of M/s. HMT International Ltd and M/s. HMT Machine Tools Ltd do not report on this matter.

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

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

Place: Bangalore
Date: 16/09/2016

Annexure 'A' to the Independent Auditors' Report

The Annexure referred to in point no. 1 (a) of "Report on Other Legal and Regulatory Requirements" paragraph of our Independent Auditors' Report to the members of the Company on the consolidated financial statements for the year ended 31 March 2016, we report that:

- Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.

HMT Limited:

The title deeds of immovable properties are held in the name of the company at CHO Level except the land measuring 14.20 acres which was received in exchange agreement with Government Departments at Hyderabad.(as it is pending for registration of transfer)

The Auditors of Tractor Division, Pinjore reported that the notation of title of land measuring 822.67 Acres (approx.) in the name of HMT has not been done as the matter is pending before Hon'ble Punjab & Haryana High Court

This direction is not applicable for Common Service Division, Bangalore

The Food Processing Division, Aurangabad has clear title (lease deed) for leasehold land in the name of the Company

HMT Watches Ltd:

The Company has clear title deeds in respect of freehold land at Tumkur (119.65 acres). However, according to the information and explanations provided to us and on the basis of our examination of the records of the Company, the title deeds in respect of the following immovable properties are not in the name of the Company:

Sl. No.	Location	Type of Holding	Land Details	Total Area (Acres)	Remarks
1	Bangalore	Freehold	Peenya Plantation B(K) Govt. Forest Land	78.237	The Title Deeds are registered in the same of Holding Company. Further, 7 acres of land has been encroached.
			Sy. No. 16 & 17 Myakalachennahalli	1.625	
			MYS 357 (Transferred from MTL)	9.62	
			Sy. No. 15 Myakalachennahalli	0.225	
2	Bangalore	Lease Hold (Building)	Barton Centre, M G Road, Bangalore	984 Sft	Lease agreement is registered in the name of Holding Company.
3	Ranibagh	Freehold	Land at Jantwal, Ranibagh	58.982	The Title Deeds are registered in the name of Holding Company.
4	Ranibagh	Leasehold	Land at Jantwal, Ranibagh	33.32	Lease agreement is registered in the name of Holding Company. Lease expired on 09.11.2014.
5	Mumbai	Purchased (Flat)	Monalisa (Flat), Mumbai	900 Sft	The Title Deeds are registered in the name of Holding Company.
6	Mumbai	Leasehold (Flat)	World Trade Centre Complex, Mumbai	1107 Sft	Lease agreement is registered in the name of Holding Company. Occupied by Machine Tools Ltd. (MTL)

HMT International Limited:

The Company has clear title deed for freehold immovable property.

HMT Machine Tools Limited:

Their auditors reported that the title deeds of immovable properties of the Company have been held in the name of the Holding Company, M/s. HMT Ltd, and;

In the case of Praga Tools Division, Hyderabad, Company has not made available sufficient documentary evidence to establish existence of clear title in respect of properties to the extent of free hold land admeasuring 3000 Sq Yards located at Kavaiguda, Secunderabad and flat located at No. 2, Ganeshdeep Coop Housing Society Building, 124/2, Erdwara, Pune – 411004

In the case of Ajmer Unit, pending finalization of rates by the Government of Rajasthan, lease deed for immovable property in favour of Company is yet to be executed.

HMT Bearings Limited:

The report on directions of the C&AG has not been furnished.

HMT Chinar Watches Limited:

The report on directions of the C&AG has not been furnished.

Sudmo HMT Process Engineers (India) Limited:

The report on directions of the C&AG has not been furnished.

1. Whether there are any cases of waiver/write off of debts/ loans/ interest, etc, if any, the reason therefore and the amount involved.

HMT Limited:

No such cases have been noticed by us at CHO Level.

The auditors of Tractor Division, Pinjore have reported that the unit has written off debts worth ₹ 8.28 Lakhs during the Financial Year 2015-16 after obtaining approval from the

Board of Directors, C&MD's sanction No. A/182/19 dated 18/02/2015

The auditors of CSD Division have reported that, this direction is not applicable for Common Service Division, Bangalore

There are no case of waiver/write off of debts/loans/interest etc at Food Processing Division, Aurangabad.

HMT Watches Limited:

There were no cases of waiver/write off of debts/loans/ interest, etc., during the year under report.

HMT International Limited:

The Company has not waived / written off any debts / loans / interest during the year.

HMT Machine Tools Limited:

There were no cases of waiver/write off of debts/loans/ interests, etc during the year.

HMT Bearings Limited:

The report on directions of the C&AG has not been furnished. But, while consolidation, we have noticed that an amount of ₹ 34.55 Lakhs have been written off as bad debts during the financial year 2015-16.

HMT Chinar Watches Limited:

The report on directions of the C&AG has not been furnished.

Sudmo HMT Process Engineers (India) Limited:

The report on directions of the C&AG has not been furnished.

2. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities

HMT Limited:

No inventories are maintained at CHO Level. Proper records have been maintained at CHO Level for assets received as gift by CHO from Government or other authorities.

The auditors of Tractor Division, Pinjore reported that proper record is maintained for material lying with third parties. The unit has not received any assets as gift from Government or other authorities

The auditors of CSD Division have reported that, this direction is not applicable for Common Service Division, Bangalore

In Food Processing Division, Aurangabad reported that proper records are maintained for inventories lying with third parties and there are no assets received as gift/grant(s) from Government or other authorities as on 31.03.2016.

HMT Watches Limited:

The Company has generally maintained records in respect of inventories except in Global Warehouse, the Inventories with Customs Warehouses, Clearing and Shipping Agents, C&F Agents and inventories lying with third parties were not physically verified and no confirmation obtained. In Global Warehouse, no proper records for stock in trade (Watches and Spares) were maintained and no physical verification carried out. Further, company is in possession of gifted land at Bangalore admeasuring 89.74 Acres of which 7 acres of land has been encroached upon. We are informed that the matter has been taken up with Govt. of Karnataka to shift the unauthorized occupants. The company has not maintained up-to-date proper records showing full particulars including quantitative details and situation of fixed assets.

HMT International Limited:

Neither there are any inventories lying with the third parties nor the Company has received any assets as gift / grant from Government or other authorities during the year.

HMT Machine Tools Limited:

Proper records are maintained for inventories lying with third parties and assets, being immoveable properties received as gift/ grants from the government or other authorities have been held in the name of the Holding Company M/s HMT Limited and;

In the case of Praga Tools Division, Hyderabad, Company has not made available sufficient documentary evidence to establish existence of clear title in respect of properties to the extent of free hold land admeasuring 3000 Sq Yards located at Kavaiguda, Secunderabad and flat located at No. 2, Ganeshdeep Coop Housing Society Building, 124/2, Erdwara, Pune – 411004

In the case of Ajmer Unit, pending finalization of rates by the Government of Rajasthan, lease deed for immoveable property in favour of Company is yet to be executed.

HMT Bearings Limited:

The report on directions of the C&AG has not been furnished.

HMT Chinara Watches Limited:

The report on directions of the C&AG has not been furnished.

Sudmo HMT Process Engineers (India) Limited:

The report on directions of the C&AG has not been furnished.

Place: Bangalore
Date: 16/09/2016

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

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

**ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED****Report on the Internal Financial Controls under Clause (i)
of Sub-section 3 of Section 143 of the Companies Act, 2013
("the Act")**

In conjunction with our audit of the financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of HMT Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies and its joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the

Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a disclaimer of opinion on the Company's (Group) internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to two of the significant subsidiaries of the Company namely HMT (International) Ltd and HMT Chinara Watches Ltd were not made available to us to enable us to determine if the Company (Group) has established adequate internal financial control over financial reporting at the aforesaid companies and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the consolidated financial statements of the Company

Other Matters:

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates

to the 3 subsidiary companies and 1 joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Disclaimer of Opinion (Issued by us on Holding Company):

In our opinion on CHO Level, the Company at CHO Level has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

The system of internal financial controls over financial reporting with regard to three of the significant units of the Company namely Tractor Division at Pinjore, Food Processing Unit at Aurangabad and Common Service Division at Bangalore were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company

Disclaimer of Opinion (Issued by the Statutory Auditors of HMT Bearing Ltd):

"Framework for internal financial control over financial reporting not established but does not impact the audit opinion on financial statements

According to the information and explanation given to us, the company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a

basis for our opinion whether the branch had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the branch, and the disclaimer does not affect our opinion on the Standalone Financial Statements of the Branch."

Opinion (Issued by the Statutory Auditors of HMT Watches Ltd):

According to the information and explanation given to us and according to the audit conducted by us, the following material weakness has been identified as at 31.03.2016:-

- a. The Company does not have an appropriate internal control system which is required incommensurate with the size of the Company in the following areas:
 - i. Purchase of inventory with regard to receipt, issue for production and physical verification. Further the internal control for identification and allocation of inventory was also not adequate.
 - ii. The Company did not have an appropriate internal control system for sale of watches and its spares and services.
 - iii. The Company did not have appropriate internal control system in the areas of reconciliation and obtaining balance confirmation in respect of bank, balances relating to trade receivables & payables and advance received against sale.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Opinion (Issued by the Statutory Auditors of HMT Machine Tools Ltd)

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Opinion (Issued by the Statutory Auditors of SUDMO HMT Process Engineers (India) Ltd):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Bangalore
Date: 16/09/2016

SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

Fixed Assets

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

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

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

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

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

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

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

- (a) Modification of an item of plant to extend its useful life, including increase in its capacity;
- (b) Upgrading machine parts to achieve a substantial improvement in the quality of out-put; and
- (c) Adoption of new production processes enabling a substantial reduction in previously assessed operating costs.

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

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

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

Depreciation

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

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

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

- a. If addition / replacement of the part (component) enhances the useful life / capacity of the asset, the useful life shall be reassessed & accordingly depreciation to be provided;

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

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

Investments

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

Inventories

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

Revenue recognition

Sales are set up based on:

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

In case of FOR destination contracts "when the significant risk and reward of ownership get transferred to the buyer on physical delivery" and LR/GR obtained and endorsed in favour of customer (consignee 'self').

Despatches to dealers/customers in respect of Machines, Tractors, 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 value is provided.

Special Tools

Expenditure on manufactured and bought out special tools are amortized equally over a five year period or earlier, if scrapped. Individual items costing less than ₹ 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 2016

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	124095.16	186409.16
(b) Reserves and Surplus	2	(547193.40)	(514855.97)
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	3	-	-
3 MINORITY INTEREST	4	20.22	19.89
4 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	5	35895.18	131159.52
(b) Deferred Tax Liabilities (Net)	6	118.70	121.31
(c) Long-term Provisions	7	13097.38	20949.58
5 CURRENT LIABILITIES			
(a) Short-term Borrowings	8	5526.63	4936.32
(b) Trade Payables	9	6382.58	6651.70
(c) Other Current Liabilities	10	424141.38	203997.83
(d) Short-term Provisions	11	21568.02	22511.18
TOTAL		83651.85	61900.52
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	12	9279.40	9352.55
(ii) Intangible Assets	12	30.93	48.60
(iii) Capital Work-in-Progress	12	133.19	1069.84
(iv) Intangible Assets under development	12	533.44	232.30
(b) Non-Current Investments	13	57.23	57.23
(c) Long Term Loans & Advances	14	448.05	356.10
2 CURRENT ASSETS			
(a) Inventories	15	17592.43	18157.83
(b) Trade Receivables	16	10000.11	10905.75
(c) Cash and Cash Equivalents	17	36493.35	12624.39
(d) Short-term Loans and Advances	18	7740.19	7414.28
(e) Other Current Assets	19	1343.53	1681.65
TOTAL		83651.85	61900.52

Significant Accounting Policies.

See accompanying notes to the financial statements.

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The Accompanying notes form an integral part of the financial statements

For and on behalf of Board

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

S. Girish Kumar

Chairman & Managing Director
DIN : 03385073

Shashi B. Srivastava

Director, Finance
DIN : 07582574

CA. Sushil Kumar Dokania

Partner
Membership No.057020

Place : New Delhi
Date : September 06, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016

(₹ in lakhs)

Particulars	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
REVENUE			
I Gross Revenue from Operations	20	30791.98	29639.67
Less: Excise Duty		2440.11	1975.96
Net Revenue from Operations		28351.87	27663.71
Transfer to Plant		110.40	
II Other Income	21	13194.28	4719.01
III Total Revenue (I + II)		41656.55	32382.72
IV EXPENSES			
Cost of Materials Consumed	22	7322.46	8981.71
Purchase of Stock in Trade	23	2019.87	1543.93
Changes in Inventories of Finished Goods, SIT, WIP & Scrap	24	279.37	804.99
Employee Benefits Expense	25	31600.04	34255.49
Finance Costs	26	8408.67	29147.74
Depreciation & Amortisation Expenses	27	1151.79	1236.86
Other Expenses	28	12800.98	11624.89
Less: Jobs done for Internal use	29	(340.93)	(354.12)
Total Expenses		63242.25	87241.49
V Profit / (Loss) Before Exceptional, Extrordinary items, Adjustment for Prior Period Items and Tax (III - IV)		(21585.70)	(54858.77)
VI Add : Exceptional Items - (Income) / Expenditure	30	10782.17	-
VII Add : Prior Period Adjustments	31	(86.69)	726.94
VIII Profit / (Loss) Before Extra ordinary Items and Tax (V - VI - VII)		(32281.18)	(55585.71)
IX Extra ordinary Items		-	-
X Profit / (Loss) Before Tax (VIII - IX)		(32281.18)	(55585.71)
XI Tax Expense			
(1) Current Tax		41.25	112.07
(2) Deferred Tax		(2.61)	2.23
XII Profit / (Loss) After Tax Before Minority Interest (XI - XII)		(32319.82)	(55700.01)
XIII Minority Interest		0.33	-
XIV Profit / (Loss) for the Period (XII - XIII)		(32320.15)	55700.01
XV Earnings Per Equity Share:			
Equites Share of Nominal value of ₹ 10/- each			
Before Exceptional Items - Basic & Diluted (in Rupees)		-	-
After Exceptional Items - Basic & Diluted (in Rupees)		-	-
After Tax - Basic & Diluted (in Rupees)		(2.68)	(4.80)
Number of Shares in computing Earnings Per Shares		1204091640	1160325355

Significant Accounting Policies.

See accompanying notes to the financial statements.

1-52

The Accompanying notes form an intergral part of the financial statements

For and on behalf of Board

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

S. Girish Kumar

Chairman & Managing Director
DIN : 03385073

Shashi B. Srivastava

Director, Finance
DIN : 07582574

CA. Sushil Kumar Dokania

Partner
Membership No.057020

Place : New Delhi
Date : September 06, 2016

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
1	SHARE CAPITAL		
	AUTHORISED		
	123,00,00,000 (<i>Previous year 123,00,00,000</i>) Equity Shares of ₹ 10/- each	123000.00	123000.00
	8,70,00,000 (<i>Previous year 8,70,00,000</i>) Preference Shares of ₹ 100/- each	87000.00	87000.00
		210000.00	210000.00
	ISSUED, SUBSCRIBED & PAID UP		
	120,40,91,640 (<i>Previous year 120,40,91,640</i>) Equity Shares of ₹ 10/- each	120409.16	76035.01
	36,86,000 (<i>Previous year 4,43,00,000</i>) 3.5% Redeemable Preference Shares of ₹ 100/- each	3686.00	44300.00
	NIL (<i>Previous year 2,17,00,000</i>) 8% Redeemable Preference Shares ₹ 100/-each	-	21700.00
		124095.16	186409.16

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

1B. In accordance with CCEA approval and DHI's directions thereon during January, 2016 the entire 8% Redeemable Preference share of 21700000 nos. of ₹100 each (21700.00 Lakhs) and 3.5% Redemmable Preference Share of 4614000 nos. (₹ 40614.00 Lakhs) out of 44300000 nos. of ₹100/- each (₹ 44300.00 Lakhs) will be extinguished and setoff against the Loans and Advances to subsidiaries by Holding Company to HMT Watches Limited, HMT Chinara Watches Limited and HMT Bearings Limited to the extent of 623.14 Crores.

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

Name of the Shareholders	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% held	No. of Shares	% held
<u>Equity Shares:</u>				
Hon'ble President of India	1128056626	93.69	1128056626	93.69
<u>3.5% Redeemable Preference Shares</u>				
Hon'ble President of India	3686000	100	44300000	100
<u>8% Redeemable Preference Shares</u>				
Hon'ble President of India	-	-	21700000	100

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
		No. of Shares	No. of Shares
1.D	The reconciliation of the number of shares outstanding is set out below:		
	<u>Equity Shares:</u>		
	Shares at the beginning of the year	1204091640	760350140
	Add: Shares Issued on account of Conversion of Loan from Govt of India	-	443741500
	Shares at the end of the year	1204091640	1204091640
	<u>3.5% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	44300000	44300000
	Less: Shares extinguished as per CCEA approval and DHI direction	40614000	-
	Shares at the end of the year	3686000	44300000
	<u>8% Redeemable Preference Shares</u>		
	Shares at the beginning of the year	21700000	21700000
	Less: Shares extinguished as per CCEA approval and DHI direction	21700000	-
	Shares at the end of the year	-	21700000
2	RESERVES AND SURPLUS		
	Capital Reserve*		
	Opening Balance as per last Balance Sheet	2270.82	2270.82
	General Reserve		
	Opening Balance as per last Balance Sheet	16580.97	16550.97
	Add: Transfers during the year	20.00	30.00
		16600.97	16580.97
	Balance in Statement of Profit & Loss		
	Opening Balance as per last Balance Sheet	(533707.76)	(477387.19)
	Add: Share of Profit of Sudmo-HMT Process Engineers (India) Ltd.	-	4.42
	Add: adjustments relating to Fixed Assets (Refer Note No.12)	-	(586.09)
	Add: Profit/(Loss) for the year *	(32357.43)	(55738.90)
	Net Surplus/(Deficit) in the Statement of Profit & Loss	(566065.19)	(533707.76)
	TOTAL	(547193.40)	(514855.97)
*Differential amount in the face value of Equity Shares held by Government of Andhra Pradesh and Government of India in the erstwhile Praga Tools Ltd, which is merged with HMT Machine Tools Ltd and the consideration of ₹ 1/- to be paid to each of them as per the scheme of Merger sanctioned by BIFR.			
3	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-
4	MINORITY INTEREST		
	Opening Balance	19.89	19.89
	Additions during the year	0.33	-
		20.22	19.89

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
5	LONG TERM BORROWINGS		
	SECURED	-	-
	UNSECURED		
	Loans from Government of India with interest @ 7% to 15.5%, repayable In 1-5 equal annual installments from the date of drawal of loan Amount of continuing default ₹ 8169.24 lakhs (<i>Previous year ₹ 83464.02 lakhs</i>)	34908.68	130173.02
	Term Loans from Bank with interest @11.5% p.a. upto 31.5.2013 and 15% p.a. till the date of settlement	986.50	986.50
	Amount of continuing default ₹986.50 lakhs (<i>Previous year ₹ 986.50 lakhs</i>)		
	TOTAL	35895.18	131159.52
6	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liability arising on account of Depreciation	118.70	121.31
	TOTAL	118.70	121.31
7	LONG TERM PROVISIONS		
	<u>Provision for Employee Benefits:</u>		
	Gratuity	10134.94	17688.40
	Earned Leave Encashment	2380.73	2504.03
	Settlement Allowance	581.71	757.15
	TOTAL	13097.38	20949.58
8	SHORT TERM BORROWINGS		
	SECURED		
	Cash Credits	5526.63	4936.32
	Short Term Loans	-	-
		5526.63	4936.32
	UNSECURED	-	-
	TOTAL	5526.63	4936.32

Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and trade receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
9	TRADE PAYABLES		
	Acceptances	409.91	409.00
	Dues towards Goods purchased & Services Received	4916.32	5220.79
	Dues to Micro, Small & Medium Enterprises	1056.35	1021.91
	TOTAL	6382.58	6651.70
9.A	The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:		
	Principal amount due and remaining unpaid	1056.35	1021.91
	Interest due on above and the unpaid interest	679.64	547.43
	Interest remaining due and payable in the succeeding year until the dues are - actually paid		
	Interest paid	1.97	4.71
9.B	Interest accrued and remaining unpaid as at the end of the accounting year	707.73	573.04
	2015-16	174.97	-
	2014-15	184.18	184.18
	2013-14	45.05	85.33
	2012-13	83.43	83.43
	2011-12	72.58	72.58
	2010-11	60.40	60.40
	2009-10	55.24	55.24
	2008-09	31.24	31.24
	2007-08	0.64	0.64
10	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Loans from Government of India	7146.12	18372.22
	Interest accrued and due on borrowings		
	Government of India Loan	6194.45	127594.77
	Loan from Bank	1714.05	1566.08
	Interest accrued but not due on borrowings		
	Government of India Loan	1891.66	14307.77
	GOI Liabilities (to be written off)	342102.29	
	Others		
	Advance received against sale of land	889.62	889.62
	Advance received against sales	4273.27	4254.36
	Sundry Creditors - other dues	14236.38	11986.79
	Other liabilities	45693.54	25026.22
		424141.38	203997.83
11	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Gratuity	8969.84	3994.70
	Leave Encashment	3250.41	817.23
	Settlement Allowance	413.28	252.47
		12633.53	5064.40
	Provision for Income Tax	1902.40	1973.18
	Provision for Contingencies	273.19	315.60
	Provision for Warranty	100.05	106.64
	Other provisions*	6658.85	15051.36
		21568.02	22511.18

* Other Provision include Provision towards 1992 Wage and Salary Revision

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

12 FIXED ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	Balance	Additions	Deductions /	Balance	Balance	Deductions/	Depreciation	Balance	Balance
	as at		Adjustments	as at	as at	Adjustments	during the	as at	as at
	01-04-2015			31-03-2016	01-04-2015		year	31-03-2016	31-03-2016
I <u>Tangible Assets</u>									
<u>Owned Assets:</u>									
Land & Land Development	659.99	-	-	659.99	-	-	-	-	659.99
Buildings	6969.33	-	-	6969.33	5039.80	(0.12)	99.21	5138.89	1830.44
Plant and Machinery	60752.54	1098.18	146.29	61704.43	54114.45	(106.94)	1011.24	55018.75	6685.68
Furniture, Fittings									
& Office Appliances	2068.66	2.94	1.22	2070.38	1963.28	(0.46)	21.39	1984.21	86.17
Transport Vehicles	239.30	-	1.24	238.06	233.56	(1.24)	1.87	234.19	3.87
Sub-total	70689.82	1101.12	148.75	71642.19	61351.09	(108.76)	1133.71	62376.04	9266.15
<u>Leased Assets:</u>									
Land-Leasehold	26.25	-	0.16	26.09	12.43	-	0.41	12.84	13.25
Total - I	70716.07	1101.12	148.91	71668.28	61363.52	(108.76)	1134.12	62388.88	9279.40
II <u>Intangible Assets</u>									
Tech. Acquisition/Development	88.36	-	-	88.36	39.76	-	17.67	57.43	30.93
Total - II	88.36	-	-	88.36	39.76	-	17.67	57.43	30.93
Total	70804.43	1101.12	148.91	71756.64	61403.28	(108.76)	1151.79	62446.31	9310.33
Previous Year	70951.28	5.32	152.17	70804.43	59711.76	454.66	1236.86	61403.28	9401.15
Capital Work-in-Progress								666.63	1302.14

Note:

- Quantum of loss due to Impairment of Assets as per AS-28 - Nil
- Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection and Intangible Assets under Development
- Pursuant to enactment of the Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying amount is being depreciated over the remaining useful lives. The written down value of Fixed Assets whose lives were expired as at 1st April, 2014 have been adjusted, in the opening balance of Statement of Profit and Loss Account as on 31.3.2015 of ₹ 586.09 Lakhs.

LAND

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

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

- 2 The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- 3 In respect of lands at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to AP Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Andhra Pradesh. No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Andhra Pradesh, in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- 4 In respect of lands at Pinjore, Haryana, the State Government has issued an order for resumption of 446 acres of unutilised land, against which the Company has obtained a stay from the High Court of Punjab & Haryana against the said resumption order and the same is continuing. The Company has agreed and transferred about 5 acres of land to Haryana Irrigation department at their request for construction of Kaushalya Dam and compensation for the same is yet to be recovered pending mutation of title of land in Company's name, which is a subject matter of legal proceedings before the Punjab & Haryana High Court. Further, National Highways Authority of India has acquired about 11.73 acres of land for road widening project and compensation for the acquired land is awaited as the matter regarding mutation of title of land in Company's name is pending before the Punjab & Haryana High Court.
- 5 Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- 6 Land admeasuring 2.71 acres has been leased out to the Kerala Electricity Board and Postal authorities in Kalamassery. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi Metro Rail Ltd. for which the lease period has been extended upto 30.09.2016 and 31.08.2016 respectively. Further, an additional land of 1.6131 Ha. has been leased out upto 30.09.2016 for stockyard and fabrication purpose.
- 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. As per the survey conducted during the year 2004-05 by the officials of survey and Settlement Department, Ranga Reddy district, in view of the Supreme Court directive, 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 Kavadi guda, Secunderabad without any compensation. HMT MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.
- 8 In respect of HMT MTL, land admeasuring 64.62 acres has been leased out to Hyderabad Metro Rail Corporation for a period of 3 years commencing from 1st September 2012 to 31st August 2015 for a temporary casting cum stacking yard. Further lease period has been extended for 1 year period from 1st September 2015 to 31st August 2016.

OTHERS

- 9 In respect of HMT MTL, Plant & Machinery includes 7 items of Fixed Assets identified as surplus and for disposal, the net block of which is ₹16,34,329/-.
- 10 In one of the Units of the Company, some of the assets grouped under Plant & Machinery with WDV ₹ 23/-, Furniture, Fixtures & Office Appliances with WDV ₹ 22/- were burnt during fire and Transport Vehicle with WDV ₹ 1/- was lost due to theft, to be written off.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
13	NON CURRENT INVESTMENTS		
	Long Term Investments (Unquoted) - Valued at Cost less Permanent Dimunition in the value of Investments		
	TRADE INVESTMENTS	-	-
	In Equity Shares		
	30,00,000 (<i>Previous year 30,00,000</i>) Ordinary Shares of Naira 1 each fully paid up in Nigeria Machine Tools Ltd, Nigeria.	171.55	171.55
	20,84,050 (<i>Previous year 20,84,050</i>) Equity Shares of ₹ 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar.	20.84	20.84
	2,94,800 (<i>Previous year 2,94,800</i>) Equity Shares of ₹10/- each of which 1,34,000 (<i>Previous year 1,34,000</i>) shares at premium of Rs. 140/- each fully paid up in Andhra Pradesh Gas Power Corporation Limited, Hyderabad	217.08	217.08
		409.47	409.47
	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	159.85
		352.24	352.24
	Total Non Current Investments	57.23	57.23
	Aggregate amount of Unquoted Investemnts	57.23	57.23
13A	HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and have sought for exemption from payment of Stamp Duty from the State Government, pending receipt of order from the State Government, the Share Cerrificates for 3.5% Preference Shares are not yet issued to HMT Ltd.		
14	LONG TERM LOANS AND ADVANCES		
	Capital Advance		
	Unsecured Considered Good	448.05	356.10
	Unsecured Considered Doubful	7.88	7.88
		455.93	363.98
	Less:Provision for Doubtful Advance	7.88	7.88
		448.05	356.10
15	INVENTORIES*		
	Raw Materials and components	3422.57	3601.22
	Material and components in transit	501.78	290.44
	Work-in-progress	9728.55	10039.81
	Finished goods #	5934.59	5237.46

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
	Stock in Trade	429.30	549.40
	Goods in Transit	1036.55	1566.44
	Stores and spares	1365.67	1332.96
	Tools and instruments	774.44	802.51
	Scrap	100.24	115.49
		23293.69	23535.73
	Less: Provision for Non-moving Inventories	5701.26	5377.90
		17592.43	18157.83
	* Includes Stock with C&F Agents / Contractors / Ancillary units / Customs / in Bonds / in site		
16	TRADE RECEIVABLES*		
	UNSECURED		
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
	Considered good	2993.08	4032.72
	Considered doubtful	14138.90	14001.51
		17131.98	18034.23
	Others		
	Considered good	7007.03	6873.03
	Considered Doubtful	11.10	30.41
		7018.13	6903.44
	Less: Provision for doubtful debts	14150.00	14031.92
		10000.11	10905.75
	*Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member		-
17	CASH AND CASH EQUIVALENTS		
	Cash and Cheques on hand	25978.50	2651.91
	Balance with Banks in Current account	2388.85	969.61
	Balance with Banks in Deposit account*	7891.14	8874.05
	With Post Office in Savings Bank Accounts**	234.86	128.82
		36493.35	12624.39
	* Includes		
	Deposits with Maturity period less than 3 months as on 31.03.2016	-	158.46
	Deposits with Maturity period more than 3 months less than 12 months	3545.46	3911.56
	Deposits with Maturity period more than 12 months	1220.94	1469.61
	Deposits held as margin money or security against guarantees & other commitments	1299.59	1996.73
	** Pass Books deposited with Central Excise Authorities.		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
18	SHORT TERM LOANS AND ADVANCES*		
	Unsecured	-	-
	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	Secured		
	Considered Good	7.15	263.32
		7.15	263.32
	Unsecured		
	Considered Good #	6620.23	5919.43
	Considered Doubtful	945.01	942.84
		7565.24	6862.27
	Less: Provision for doubtful advances	945.01	942.84
		6620.23	5919.43
	OTHER ADVANCES		
	Unsecured		
	Considered Good		
	Balance with Collectors of Customs, Central Excise, etc.,	77.49	33.82
	Deposits	683.61	774.20
	Advance Income Tax/TDS Receivable	351.71	423.51
		1112.81	1231.53
		7740.19	7414.28
	 *Debts due by firms or Private Companies in which any Director, Officer is a Partner or a Director or a Member.	-	-
	# Includes advances to suppliers, prepaid expenses, CENVAT Credit to be availed etc.		
19	OTHER CURRENT ASSETS		
	Special Tools	408.72	468.17
	Interest on Trade Receivable	5950.92	5970.24
	Less: Provision for interest on Trade Receivable	5016.11	4756.76
		934.81	1213.48
		1343.53	1681.65

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
20	GROSS REVENUE FROM OPERATIONS*		
	INLAND		
	Sale of Products		
	Tractors	3299.60	4832.84
	Food Processing Machinery	541.90	487.52
	Accessories	199.90	176.32
	Sale of Services		
	Sundry jobs and miscellaneous sales	592.36	643.13
	Packing / Forwarding charges	9.15	7.59
		4642.91	6147.40
	MACHINE TOOLS		
	Sale of Products		
	Machine Tools	18222.46	15007.96
	Accessories	1616.58	1909.08
	Sale of Services		
	Sale of services	147.41	167.67
	Sundry jobs and miscellaneous sales	1702.67	1663.97
	Packing/forwarding charges	93.59	110.16
		21782.71	18858.84
	WATCHES		
	Sale of Products		
	Watches	458.80	892.79
	Sale of Services		
	Sale of services	0.62	2.68
	Sundry jobs and miscellaneous sales	34.47	25.04
	Packing/forwarding charges	7.08	13.61
		500.97	934.12
	BEARINGS		
	Sale of Products		
	Ball & Roller Bearings	1182.69	1656.23
		1182.69	1656.23
	EXPORTS		
	Sales & Commission	1348.14	917.41
	Technical Services	93.96	14.74
	Project Works	1240.60	1110.93
		2682.70	2043.08
	TOTAL	30791.98	29639.67
	* Nett of Trade Discount		

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
21	OTHER INCOME		
	Servicing Income	5.48	7.92
	Recoveries from Staff/Others	300.23	261.91
	Royalties	1.06	0.16
	Rent received	1614.14	1212.67
	Profit on sale of assets	70.52	30.16
	Interest Income		
	On Bank Deposits	732.46	672.28
	Interest from Dealers/Others	23.27	200.52
	Dividend from Subsidiaries	14.40	7.20
	Provisions no longer required withdrawn	9696.35	1638.40
	Other non operating income *	736.37	687.79
		13194.28	4719.01
	* includes Training expenses recovered, disposal of Scrap, Freight & Insurance recoveries		
22	COST OF MATERIALS CONSUMED		
	Raw materials and Components		
	Opening Stock	3601.22	3720.19
	Purchases	7143.81	8862.74
		10745.03	12582.93
	Less: Closing Stock	3422.57	3601.22
	Cost of Materials Consumed	7322.46	8981.71
22.A	Particulars of Materials consumed:		
	Steel	688.36	602.51
	Non-ferrous Metals	4.71	6.85
	Ferrous Castings	676.70	914.01
	Non-ferrous Castings	40.72	44.03
	Forgings	153.31	347.05
	Standard parts	2710.93	2790.51
	Components	2810.75	4187.72
	Others	236.98	89.03
	TOTAL	7322.46	8981.71
23	PURCHASES OF STOCK IN TRADE		
	Purchases of Stock in Trade	2019.87	1543.93
		2019.87	1543.93

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
24	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS, & STOCK IN TRADE		
	FINISHED GOODS		
	Closing Balance	5934.59	5237.46
	Opening Balance	5237.46	6248.08
		(697.13)	1010.62
	GOODS IN TRANSIT		
	Closing Balance	1036.55	1566.44
	Opening Balance	1566.44	-
		529.89	(1566.44)
	SCRAP		
	Closing Balance	100.24	115.49
	Opening Balance	115.49	130.31
		15.25	14.82
	WORK IN PROGRESS		
	Closing Balance	9728.55	10039.81
	Opening Balance	10039.81	11490.19
		311.26	1450.38
	STOCK IN TRADE		
	Closing Balance	429.30	549.40
	Opening Balance	549.40	445.01
		120.10	(104.39)
	TOTAL	279.37	804.99
25	EMPLOYEE BENEFIT EXPENSES *		
	Salaries, Wages and Bonus	22204.28	22467.38
	House Rent Allowance	718.98	828.99
	Gratuity	3299.69	5461.35
	Contribution to PF & FPS	2267.86	2468.91
	Deposit Linked Insurance	129.11	98.52
	Contribution to ESI	7.92	18.02
	Welfare Expenses	2972.20	2912.32
		31600.04	34255.49
	* Includes		
	Wages for Repairs to Machinery	568.09	799.38
	Wages for Repairs to Building	31.99	52.48

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
26	FINANCE COSTS		
	Interest Expense		
	Government of India Loans	5160.43	26504.85
	Cash Credit loans from Banks	838.92	1027.59
	Loans from Bank	147.98	147.98
	HMT Bonds	16.09	16.09
	Others	1971.26	1255.06
	Other Borrowing Cost		
	Finance Charges	9.83	19.55
	Bank / Discounting Charges	208.34	183.36
	(Gain) / Loss on Foreign currency transactions (Net)	55.82	(6.74)
		8408.67	29147.74
27	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation	1134.12	1219.19
	Amortisation of Intangible Assets	17.67	17.67
		1151.79	1236.86
28	OTHER EXPENSES		
28.1	Manufacturing Expenses		
	Consumption of Stores, Spares, Tools & Pkg. Matls.*	4377.52	3616.26
	Power and Fuel	1458.27	1253.59
	Excise Duty	184.81	228.28
	Repairs to machinery	72.88	55.44
	Amortisation of Special Tools	400.53	365.53
	Provision for Non Moving Inventories	413.07	291.20
28.2	Selling & Distribution Expenses		
	Rebate on Sales	153.18	149.56
	Selling & Distribution Expenses	4.70	8.39
	Advertisement and Publicity	60.13	64.42
	Carriage outwards	153.43	207.43
28.3	Establishment Expenses		
	Rent	72.76	115.24
	Rates and Taxes	327.63	331.96
	Insurance	50.00	51.92
	Water and Electricity	613.19	582.12
	Repairs to building	39.44	26.35
	Printing and Stationery	59.72	60.75
	Training expenses	84.27	134.49
	Auditors Remuneration #	12.03	10.74
	Other Agents Commission	-	0.87
	Provision for Doubtful Debts, Loans and Advances	1542.24	1153.12

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
	Provision for Contingencies	48.68	-
	Warranty claims	67.02	101.94
	Loss sustained by PF Trust	254.37	237.70
	Loss on Assets sold	24.94	-
	Bad Debts / Advances written off	42.83	352.62
	Travelling Expenses	441.47	444.81
	Miscellaneous Expenses	1841.87	1780.16
		12800.98	11624.89
	* Includes Stores and Spares parts for:		
	Repairs to Machinery	11.20	30.02
	Repairs to Building	6.54	8.82
	# As Auditor	7.16	7.37
	For taxation matters	2.16	2.33
	For other services	0.37	0.30
	Reimbursement of expenses	0.63	0.37
	Service tax	0.49	0.37
	Cost Audit Fee & expenses	1.22	-
29	JOBS DONE FOR INTERNAL USE		
	Shop manufactured Special Tools	(340.93)	(354.12)
		(340.93)	(354.12)
30	EXCEPTIONAL ITEMS		
	VRS Compensation	10782.17	-
		10782.17	-
31	PRIOR PERIOD ADJUSTMENTS (PPA)		
	Materials	-	47.43
	Employee benefit expenses	0.90	65.72
	Other Expenses	97.50	648.47
		98.40	761.62
	Less:		
	Other Income	185.09	34.68
		(86.69)	726.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
2 DISCLOSURE REGARDING PROVISION

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

The details of provision for Warranty claims are furnished below:

	(₹ in Lakhs)	
	As at 31.3.2016	As at 31.3.2015
Opening Balance	106.64	168.09
Additions during the year	68.60	76.74
Total	175.24	244.83
Less: Used during the year		
Utilised	74.98	72.85
Withdrawn	0.21	65.35
	75.19	138.20
Closing Balance	100.05	106.63

33 DISCLOSURE REGARDING RELATED PARTIES

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

	(₹ in Lakhs)	
	2015-16	2014-15
3 Nature of Transactions		
Advances given for expenses during the year	2.49	2.40
Advances reimbursed by the Company	4.85	-
4 Outstanding at the year end	2.49	4.85

34 EARNINGS PER SHARE

	2015-16	2014-15
i) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lakhs)	(32320.15)	(55700.01)
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	1204091640	1160325355
iii) Basic and Diluted Earnings per Share (₹)	(2.68)	(4.80)
iv) Face Value per Equity Share (₹)	10	10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
35	CONTINGENT LIABILITIES		
	The Company is contingently liable for:		
35.A	Claims against the Company not acknowledged as debts		
I	Tax related claims pending in appeal		
	i) Excise Duty	371.21	371.21
	ii) Sales Tax	433.55	409.72
	iii) Customs Duty	275.75	212.29
	iv) Property Tax	4547.84	1850.60
	v) Others	1224.69	1077.26
II	Non receipt of related Forms against levy of concessional Sales Tax	1945.79	7569.45
III	Employee related claims relating to Lockouts, Back wages, Incentives & Annual bonus, etc., pending adjudication, to the extent ascertainable.	401.47	1140.25
IV	Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	9562.96	6577.08
V	Guarantees/Counter Guarantees issued	405.10	1921.29
VI	Liability towards interest, penalty/damages as per 7Q and 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952	3881.93	3932.74
VII	Liability towards interest on delay in Gratuity payments	127.67	
35.B	The Company had deposited ₹ 16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only ₹ 2,69,433/- as debts	13.31	13.31
35.C	Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
35.D	Estimated amount of contracts remaining to be executed on capital account and not provided for	1170.23	595.12
35.E	An amount of ₹ 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decretal amount 50% i.e. ₹ 301813/- has been deposited by the Company		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
35.F	The GOI had released a Plan Assistance of ₹ 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (₹ 100 lakhs) & Loan (₹100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of ₹ 200 lakhs. Accordingly, the Company has refunded the Loan amount of ₹ 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of ₹10 each (₹ 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act, and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
35.G	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. However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
36	Deferred Tax Asset/Liability Accounting for Taxes as per Accounting Standard-22. Deferred Tax balance as at March 31, 2016 comprising the timing difference between the profit as per financial statements and as per Income Tax is made up of:		
	Deferred Tax Assets (Net) Opening Balance	121.45	(119.08)
	On Depreciation to Fixed Assets	(2.61)	(2.23)
	Deferred Tax Assets (Net) Closing Balance	118.84	(121.31)
37	Inventories include		
37.1	Excise Duty paid / payable on Closing Stock of Finished Goods & Scrap. However, this has no effect on the working results of the Company	482.34	417.03

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	As at 31-03-2016	As at 31-03-2015
37.2	Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	470.92	588.63
37.3	Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.		
38	Trade Receivables include		
38.1	Dues towards erection and commissioning for a period exceeding one year	577.08	419.27
38.2	Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
38.3	Dues from parties against whom cases have been filed before various Courts which are pending.	3430.00	3430.00
39	Advances include		
39.1	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	3.30	3.95
39.2	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	3612.91	3680.55
40	Other liabilities include unspecified/excess credits in bank accounts	-	17.73
41	The BIFR has sanctioned Rehabilitation Package for HMT MTL envisaging various sanctions, waivers and exemptions from various Govt. Agencies and Banks. However, some of the stake holders filed appeal with AAIFR against the Order of BIFR and final hearing yet to be heard. Pending the outcome of AAIFR Orders and other statutory formalities to be complied with, no effect has been given for the disputed waivers and exemptions in the financial statements of HMT MTL for the period ended 31.3.2016, from the various stake holders as envisaged in the DRS, approved by BIFR.		
42	HMT Bearings Ltd, a Subsidiary Company has been declared as "Sick Industrial Undertaking" u/s 3(1)(o) of SICA, 1985, on 23rd April 2009.		
43	Balances under 'Trade Receivables', 'Loans & Advances', 'Trade Payables' and 'Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
44	Sales is net off sales returns		
	Sales returns in respect of		
	a Tractors & Spares	-	0.09
	b Machine Tools	8.52	18.81
45	Employee Benefit expense include		
	a Provision for Earned Leave encashment made based on Actuarial valuation of Earned Leave at credit as at the year end.	2031.45	1726.83
	b Provision for Settlement Allowance made based on Actuarial Valuation	178.73	268.84
46	Gratuity has been provided /paid under a Group Gratuity Policy with Life Insurance Corporation of India. Additional provision made during the year for full coverage in excess of ₹ 50,000/- per employee based on actuarial valuation by LIC [full coverage in case of HMT Bearings Ltd & HMT (International) Ltd].	3299.68	5451.87
47	Value of Special Tools individually costing less than ₹ 750/- written off during the year.	19.74	55.47
48	Revenue expenditure on Research & Development charged to Statement of profit & loss	437.01	537.16
49	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		

50 PRINCIPLES OF CONSOLIDATION OF FINANCIAL STATEMENTS

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

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

	Country of Incorporation	Proportion of ownership Interest	
		2015-16	2014-15
i) HMT Machine Tools Limited	India	100%	100%
ii) HMT Watches Limited	India	100%	100%
iii) HMT Chinara Watches Limited	India	100%	100%
iv) HMT (International) Limited	India	100%	100%
v) HMT Bearings Limited	India	99.4%	99.4%
vi) Sudmo-HMT Process Engineers (India) Ltd.	India	50%	50%

- b. The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after eliminating intra group balances, intra group transactions and any unrealised profit/loss included therein.
- c. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and are presented to the extent possible in the same manner as the Company's separate financial statements.

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

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

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

1 Retirement Age	58 years	(60 years in HMT Ltd. & HMT (I) Ltd.)
2 Future Salary escalation	7% p.a.	
3 Rate of discount	8% p.a.	
4 Attrition rate	1 to 3% depending on age	
5 Mortality rate	LIC (2006-08) Ultimate	

The provision for gratuity as on 31-03-2016 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 ₹ 18052.71 lakhs

Defined Benefit Plan

(₹ in lakhs)

	Gratuity (Funded)	
	2015-16	2014-15
1 Reconciliation of changes in respect of obligations		
Present value of obligation as at beginning of year	2041.48	2204.45
Interest cost	163.32	176.36
Current Service Cost	11.45	11.43
Benefits Paid	653.91	183.38
Actuarial (gain)/loss on obligations	(130.35)	(167.38)
Present value of obligation as at end of year	1431.99	2041.48
2 Reconciliation of changes in the fair value of plan assets		
Fair value of plan assets of beginning of year	3366.00	3231.92
Expected return on plan assets	257.28	285.46
Contributions	7.38	32.00
Benefits paid	653.91	183.38
Actuarial Gain / (Loss) on Plan assets	-	-
Fair value of plan assets at the end of year	2976.75	3366.00
3 Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	3366.00	3231.92
Actual return on plan assets	257.28	285.46
Contributions	7.38	32.00
Benefits Paid	653.91	183.38
Fair value of plan assets at the end of year	2976.75	3366.00
Funded status	1544.76	1324.52

DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARD - 17
- SEGMENT REPORTING

I Primary Segment information:							(₹ in lakhs)
Particulars	Machine Tools	Watches	Tractors	Bearings	Exports	Sudmo-HMT	Total
1 Segment Revenue							
- External Turnover	21782.71	500.97	4642.91	1182.69	2682.70	-	30791.98
- Intra Segment Turnover	110.40	-	-	-	-	-	110.40
- Inter Segment Turnover	-	-	-	-	-	-	-
Gross Turnover	21893.11	500.97	4642.91	1182.69	2682.70	-	30902.38
Less: Excise Duty	2131.59	58.33	99.64	150.55	-	-	2440.11
Net Turnover	19761.52	442.64	4543.27	1032.14	2682.70	-	28462.27
2 Segment Result before interest							
PPA, EOI & Taxes	(7027.79)	(6320.80)	57.22	75.46	37.91	0.97	(13177.03)
Interest	5145.04	786.74	2532.69	(6.46)	(49.34)	0.00	8408.67
Profit before Exceptional, Extra Ordinary items, PPA and Taxes	(12172.83)	(7107.54)	(2475.47)	81.92	87.25	0.97	(21585.70)
Exceptional Items	-	9778.63	-	1003.54	-	-	10782.17
Prior period adjustments (PPA)	(8.92)	35.92	(1.19)	(112.50)	-	-	(86.69)
Profit before Extra Ordinary Items	(12163.91)	(16922.09)	(2474.28)	(809.12)	87.25	0.97	(32281.18)
Extra Ordinary Items	-	-	-	-	-	-	-
Profit/(Loss) before Tax	(12163.91)	(16922.09)	(2474.28)	(809.12)	87.25	0.97	(32281.18)
Current Tax					40.95	0.30	41.25
Deferred Tax					(2.61)	-	(2.61)
Profit/(loss) after Tax	(12163.91)	(16922.09)	(2474.28)	(809.12)	48.91	0.67	(32319.82)
3 Other information							
Segment Assets	33210.75	32714.74	10867.11	3071.52	3762.24	25.49	83651.85
Segment Liabilities	83495.55	358372.14	48697.06	15088.16	1076.91	0.05	506729.87
Capital Expenditure	1070.76	0.00	29.95	0.00	0.41	-	1101.12
Depreciation	819.83	45.63	257.06	15.72	13.55	-	1151.79
Non Cash Expenses other than depreciation							

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

II Secondary Segment Information:				(₹ in lakhs)
1. Segment Revenue - External Turnover		3. Segment Liabilities		
- Within India	28109.28	- Within India		506729.87
- Outside India	2682.70	- Outside India		-
Total	30791.98	Total		506729.87
2. Segment Assets		4. Segment Capital Expenditure		
- Within India	83651.85	- Within India		1101.12
- Outside India	-	- Outside India		-
Total	83651.85	Total		1101.12

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

(₹ in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extra-ordinary Items	(32281.18)	(55585.71)
Adjustment for:		
Depreciation	1151.79	1236.86
Exceptional Items - Interest waivers etc	-	-
Profit on Sale of Fixed Assets (net)	(45.58)	(30.16)
Amortisation of Special Tools	400.53	365.53
Foreign Exchange (net)	55.82	(6.74)
Interest debited (Net)	7597.12	28281.68
Dividend received	(14.40)	(7.20)
Provision for Obsolescence, Doubtful debts, Advances	(7692.36)	1452.92
		(194.08)
Operating Profit Before Working Capital Changes	(30828.26)	(25939.82)
Adjustment for:		
(Increase)/Decrease in Trade & Other Receivables	295.73	(1971.12)
(Increase)/Decrease in Inventories	242.04	1233.96
(Increase)/Decrease in Other Current Assets	(298.49)	83.89
Increase/(Decrease) in Trade payables	22319.81	22559.09
		4462.47
Cash Generated From Operations	(8269.17)	(22130.62)
Direct Taxes paid	(40.23)	(149.28)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	(8309.40)	(22279.90)
Extra-ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(8309.40)	(22279.90)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(465.61)	(9.62)
Sale proceeds of Fixed Assets	86.08	30.34
Sale of Investments	-	-
Dividend Received	14.40	7.20
Interest Received	732.46	672.28
NET CASH USED IN INVESTING ACTIVITIES	367.33	700.20

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

(₹ in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	(62314.00)	-
Proceeds from Long Term/Short Term Borrowings	97225.30	27943.75
Repayment of Long Term/Short Term Borrowings	-	(4736.32)
Repayment of Finance Lease Liabilities	-	-
Exchange Difference (net)	(55.82)	6.74
Dividends paid	-	-
Interest Paid	(3044.45)	(2513.66)
NET CASH USED IN FINANCING ACTIVITIES	31811.03	20700.51
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23868.96	(879.19)
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL (Opening Balance)	12624.39	13503.58
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)	36493.35	12624.39
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	23868.96	(879.19)

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

2) Cash and Cash Equivalents has been considered as per Note No. 17.

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

For and on behalf of Board

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

S. Girish Kumar

Chairman & Managing Director
DIN : 03385073

Shashi B. Srivastava

Director, Finance
DIN : 07582574

CA. Sushil Kumar Dokania

Partner
Membership No.057020

Place : New Delhi
Date : September 06, 2016

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES OF HMT LIMITED FOR THE YEAR ENDED 31st MARCH 2016

(₹ in lakhs)

Sl. No.	Particulars	HMT Machine Tools Ltd	HMT Watches Ltd	HMT Chinara Watches Ltd	HMT Bearings Ltd	HMT (International) Ltd	Sudmo-HMT Process Engineers (India) Ltd.
a)	Capital	71959.91	649.01	166.01	3770.91	72.00	30.00
b)	Reserves & Surplus	(123371.09)	(267181.09)	(59336.62)	(15631.32)	3170.74	5.22
c)	Total Assets	33210.75	29548.82	3165.92	3071.52	3762.24	25.49
d)	Total Liabilities	83495.55	295868.24	62503.90	15088.16	1076.91	0.05
e)	Investments	-	-	-	41.15	-	-
f)	Turnover	21782.71	490.37	10.60	1182.69	2682.70	-
g)	Profit/(Loss) before Taxation	(12163.91)	(15971.23)	(950.86)	(809.12)	87.25	0.97
h)	Provision for Taxation	-	-	-	-	38.34	0.30
i)	Profit/(Loss) after Taxation	(12163.91)	(15971.23)	(950.86)	(809.12)	48.91	0.67
j)	Proposed Dividend (%)	Nil	Nil	Nil	Nil	20%	Nil