एच एम टी लिमिटेड
(भारत सरकार का उपक्रम)
एच एम टी भवन,
59, बेल्लारी रोड,
बेंगलोर - 560 032, भारत
फोन : 91-80-23330333
फैक्स : 91-80-23339111
ई-मेल : cho@hmtindia.com
वेब साईट : www.hmtindia.com

HMT LIMITED
(A Govt. of India Undertaking)
HMT BHAVAN
59, Bellary Road,
Bangalore - 560 032, INDIA
Phone: 91-80-23330333
Fax: 91-80-23339111
E-mail: cho@hmtindia.com
Website: www.hmtindia.com

सी आई एन CIN : U29230KA1953PTC000748
पंजीकृत कार्यालय : 59, बेल्लारी रोड, बेंगलोर - 560 032, भारत
Registered Office : 59, Bellary Road, Bangalore - 560 032, INDIA

Secl. S-10

15th December 2017

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai – 400 001

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kural Complex
Bandra (E)
Mumbai – 400 051

Dear Sir/Madam,

Sub: Annual Report of HMT Limited for the year 2016-17

Pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of HMT Limited for the year 2016-17.

This is for your information and record.

Yours faithfully
For HMT Limited

(Kishor Kumar S)
Asst. Company Secretary

Encls: As above

HMT LIMITED

CONTENTS

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. Ravindra Singh	Independent Director (W.e.f. 02.02.2017)
Smt. Shashi B. Srivastava	Director, Finance (w.e.f. 01.07.2016)

CHIEF VIGILANCE OFFICER

Shri. R.N. Lakshminarasimha (up to 30.11.2016)

Shri. S.K. Singh (from 30.11.2016 to 31.03.2017)

Shri. Ram Krishna Swarnkar (from 31.03.2017)

STATUTORY AUDITORS

M/s. B.K.RAMADHYANI & Co LLP — Chartered Accountants

BANKERS

UCO Bank

Punjab National Bank

REGISTERED OFFICE

"HMT BHAVAN"

59, Bellary Road

Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

(₹ in lakhs)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING STATISTICS										
Sales	1043	726	6155	7971	10095	16112	20086	19164	16098	17108
Other Income *	1634	10448	3239	30518	4756	4658	5475	1078	1425	1267
Materials	267	246	3805	6319	5365	12118	13746	12083	10596	14064
Employee Costs	1026	1106	10334	9030	7070	7499	8371	6762	6367	6472
Other Costs	5042	470	2293	11754	4090	2906	3140	3252	4811	4080
Depreciation	32	27	367	340	355	440	387	392	340	299
Earnings before Interest	(3728)	9348	-8174	12016	(-4135)	735	(16)	(3323)	(5664)	(4466)
Interest	288	297	1836	1434	10403	8955	7908	1968	1234	131
Earnings/(Loss) before Tax	(4016)	9051	(10010)	10582	(-14538)	(8220)	(7924)	(5291)	(6898)	(4597)
Taxation (net off withdrawal/refunds)	(1861)	-	-	1861	-	-	-	-	181	(130)
Discontinued Operations (Tractors)	(21794)	(10765)								
Net Earnings	(23949)	(1714)	(10010)	8721	(14538)	(8220)	(7924)	(5291)	(7079)	(4467)
FINANCIAL POSITION										
Net Fixed Assets	1956	2229	2481	2831	3159	3507	3868	4028	4094	3751
Current Assets	18832	9345	64225	67742	68604	70619	65557	72668	71078	73167
Current Liabilities & Provisions	20950	35387	27723	21881	26928	25701	24309	21437	19445	19653
Working Capital	(2117)	(26041)	36502	45861	41676	44918	41248	51231	51633	53514
Capital Employed	(161)	(23812)	38983	48692	44835	48425	45116	55259	55727	57265
Investments	72029	76425	76425	76390	76556	76556	76556	76556	76571	76571
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	29	197
Borrowings	47652	15094	13846	11246	82349	71401	59871	62091	57312	52098
Preference Share Capital (PSC)	3686	3686	66000							
Net Worth	20530	33833	35562	113838	39043	53581	61800	69724	74986	81897
OTHER STATISTICS										
Capital Expenditure	13	65	8	12	7	81	227	327	681	707
Internal Resources Generated	(25778)	(1687)	(9643)	10922	(14183)	(7780)	(7537)	(4899)	(6739)	(4168)
Working Capital Turnover Ratio	-	-	0.17	0.17	0.24	0.36	0.49	0.37	0.31	0.32
Current Ratio	0.90	0.26	2.32	3.10	2.55	2.75	2.70	3.39	3.66	3.72
Return on Capital(%)	-	-	(18.65)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)	(5.86)
Employees (Nos)	118	128	1421	1434	1442	1699	1904	2088	2205	2296
Per Capita Sales	8.84	5.67	4.33	5.56	7.00	9.48	10.55	9.18	7.30	7.45

* Includes Extra Ordinary & Exceptional Items

Note: Figures are as per IND AS and Networth excludes PSC from FY 2014-15

DIRECTORS' REPORT

To
The Members,
HMT Limited
Bangalore

Dear Members,

The Board of Directors has pleasure in presenting the 64th Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2016-17 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

Financial summary or highlights / Performance of the Company (Standalone)

Rs. in Lakhs

Particulars	2016-17	2015-16
Gross Revenue from continuing Operations	1043	726
Profit Before Depreciation and Finance Costs	(4227)	9375
Depreciation	32	27
Gross Profit/(Loss)	(4259)	9348
Finance Cost	288	297
Net profit before exceptional Items and PPA	(4547)	9051
Add : Exceptional Items	531	-
Less : Prior Period Adjustments		
Net Profit before Tax	(4016)	9051
Provision for Tax	(1861)	-
Net Profit After Tax	(2155)	9051
Profit/Loss from discontinued operations	(21794)	(10765)
Net Profit/(Loss) for the year	(23949)	(1714)

OPERATING RESULTS:

Consequent to the decision of the Government for closure of the Company's Tractor Business, the main business portfolio now is Food Processing Machinery. The Food Processing Machinery business recorded a positive Gross Margin with a growth of 35% in production (Rs.9.58 Crore in 2016-17 as against Rs.7.10 Crore in the previous year), and 47% in Sales (Rs.10.14 Crore in 2016-17 as against Rs.6.94 Crore in the previous year without excise duty). However, your Company had to face severe pressure on performance during the year due to lack of working capital.

Your Company recorded a Production of Rs.19.38 Crore (188 Nos. of Tractors & 437 Nos of Food Processing Machineries) as against Rs.37.18 Crore (633 Nos. of Tractors & 210 Nos of Food Processing Machineries), in the previous year, and Sales of Rs 22.90 Crore (215 Nos. of Tractors and 475 Nos of Food Processing Machineries) compared to Rs 45.43 Crore (733 Tractors and 185 Nos. Food Processing Machines) in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of Rs. 193.41 Crore. Revenue from the operations reported as Rs.215.36 Cr. for the year 2016-17 against Rs. 251.91 Cr. of previous year including excise duty. HMT Group incurred loss of Rs.544.03 Cr. against previous year loss of Rs.278.50 Cr.

FUTURE OUTLOOK:

Food Processing Machinery

Over the years, India has emerged as one of the world's biggest producers of milk, with the total milk production rising from 122 Million Metric Tons in 2010-11 to 162 Million Metric Tons in 2016-17. With an increase in the working population, hectic lifestyles and increasing health consciousness among the consumers, there has been a shift towards healthy and ready-to-eat dairy products. Apart from this, a large number of affluent consumers who prefer value-added and premium dairy products, have further facilitated the growth of the organised dairy sector.

Fortunately, the government and other stakeholders seem to be alive to the situation and efforts to increase milk production have been intensified. Transformations in the sector are being induced by factors like newfound interest on the part of the organized sector, new markets, easy credit facilities, dairy friendly policies by the government, etc. Dairy farming is now evolving from just an agrarian way of life to a professionally managed industry - the Indian dairy industry. With these positive signals, there is hope that the sector may eventually march towards another white revolution.

In view of the positive signals in industry, the Company has set a Sales target of Rs.11.00 Crore for the year 2017-18 and increase production of its fast moving products viz., Continuous Butter Making Machine, Centrifugal Pumps, Homogenizers and Pasteurizers.

Machine Tools

The domestic consumption of machine tools for the year 2016-17 is around Rs.11616 Cr. as against Rs.10376 Cr. during 2015-16 a growth of 12%. The consumption is expected to be around Rs 12800 Cr during the 2017-18 a growth of 10%. The country's production during 2016-17 is around Rs.5803 Cr. as against Rs.4727 Cr. in 2015-16 a growth of around 23%.

As per IMTMA during the year 2016-17 there is a growth of 22% in export of Machine Tools with respect to corresponding period of last year which indicates that there is demand for Indian Machines abroad.

India is emerging as fastest growing economy in the world. According to The World Bank, the Indian economy is likely to grow at 7.6 % in 2017-18 and 7.8 % in 2018-19. The industry output grew by 5.0 % during 2016-17 as against 3.4 % during 2015-16 led by a good performance in the capital goods sector which registered a growth of 3.1 % and manufacturing sector registering a growth of 4.9 %. Demonetisation had a positive impact on the Indian Economy, which has helped to foster a clean and digested economy on the long run.

The continued investment by the government in public infrastructure is helping the economy to grow. The automotive sector is also steadily picking up which is expected to give fillip to MSME's in the country. The development of MSME's is also one of the principle objectives of the Government. All this in turn is expected to boost the demand for machine tools during 2017-18.

Demand for machine tools accrues from the manufacturers of primary goods and intermediate goods. The primary user industries include the automotive sector, capital goods sector and consumer durables sector. Prominent users of machine tools in the intermediate goods sector include the auto components, the ball and roller bearings and electronic components. Only sectors like defence and industrial intermediates recorded a good growth in turnover during 2016-17. This growth in various sectors presents a positive outlook for improving the company's business during 2017-18.

During the current year, the Company has set a Sales target of Rs.260 Crore and it proposes to achieve the same through encashing the business opportunity available in Aerospace and Nuclear power and growing market in other sectors, concentrating more on indigenization of imports for defence equipments and reduction of manufacturing cycle time by high productive machines.

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 Rs. 2100 Crore and Paid up equity Share Capital is Rs. 1204.09 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

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:

The Statement showing the details of top ten employees in terms of remuneration drawn as per Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014- is in the Annexure.

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 2016-17, 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 is being constituted.

ENTERPRISE RISK MANAGEMENT:

Establishment of Risk Management System in terms of regulation 34 (3) of the SEBI (LODR) Regulation, 2015 and the provisions of the Companies Act, 2013 is under process.

PARTICULAR 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. The Subsidiary achieved Sales of Rs.197.52 Crore against Rs.217.83 Crore (including excise duty). Production attained is of Rs. 183.83 Crore as against Rs.201.44 Crore, in the previous year. Net loss reported is Rs. 127.59 Crore during the year 2016-17 against reported loss of Rs. 106.66 Crore in previous year.

HMT (International) Limited

The Subsidiary achieved a turnover of Rs.23.98 Crore during the year 2016-17 as against Rs. 33.91 Crore recorded in the previous year 2015-16. The Order procurement during the year is Rs.20.19 Crore as against Rs.9.43 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary could report Profit Before Tax (PBT) of Rs.0.26 Crore achieved against Rs. 0.90 Crore reported in previous year.

HMT Watches Limited

This Subsidiary could not show significant improvement in performance during the year under review. This Subsidiary could achieve a Sales level of Rs. 7.29 Crore (Including excise duty) and Production of Rs. NIL Crore during the year under review. The Net Loss for the year stood at Rs. 203.56 Crore.

HMT Chinar Watches Limited

The performance reported is; Sales to Rs. 2.24 Crore (Including excise duty) during the year with NIL Production for the year. In view of the non operative status level, the Subsidiary achieved a Net Profit of Rs.0.91 Cr.

HMT Bearings Limited

During the year under review, the Subsidiary was able to achieve Sales of Rs.2.66 Crore, against the Previous Year's Sales of Rs.11.83 Crore (Including excise duty). In terms of Production the Company was able to achieve Rs. 0.95 Crore compared to the Previous Year's Production level of Rs. 10.14 Crore. The loss for the year registered Rs. 3.66 Cr during 2016-17 as against net loss of Rs. 8.93 Cr. reported during previous year.

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 2016-17, this Company showed a Profit after tax of Rs.0.66 Lakhs only on account of the interest income of Rs.3.33 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.

Salient features of the financial statement of subsidiaries/ associate companies/joint ventures are provided in Form AOC-1 as annexure.

Indian Accounting standards

As required under Companies(Indian Accounting Standard) Rules, 2015 (Notification No. 111(E) dated 16.02.2015 issued by Ministry of corporate affairs) the Company has prepared the financial statements in accordance with Indian Accounting Standards(Ind AS) with effect from Financial year 2016-17 along with comparatives for the previous year 2015-16.

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2016-17, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

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. 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 2016-17.

The employee strength of the Company as on March 31, 2017, stood at 269 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, 2017 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	46
Scheduled Tribes	02
Other Backward Classes	36
Ex-Servicemen	02
Persons with Disabilities	06
Women employees	17
Minorities	22

INDUSTRIAL RELATIONS

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

IMPLEMENTATION OF OFFICIAL LANGUAGE

Continuous efforts are being made towards implementation of Official Language Act, Rules & Policy as per the directives of the Government in the Company to enhance the levels of usage. 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, 2016. 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 in the Company is being reported periodically on Rajabhasha Vibhag portal.

VIGILANCE ACTIVITIES

Chief Vigilance Officer (CVO) appointed by the Government of India heads the Corporate Vigilance Department of the Company. Presently, CVO, Scooter India Limited has been assigned with the additional charge of CVO HMT Limited.

The Corporate Vigilance Department carries out vigilance function in the Holding Company as well as Subsidiary Companies. Vigilance function 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. 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 (Chief Technical Examiner at CVC) 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 VOs were recorded and depending upon the seriousness of the deviations, further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection, in the quarterly Vigilance Workshop and advice the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated and all the concerned officers should comply with CVC and Company Purchase Manual guidelines.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedure 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. Uploading 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 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. Management is being persuaded to adopt E procurement process.

5. Management is being persuaded to adopt Integrity Pact.

6. In many of the units / Subsidiary, E-payment mode to suppliers is adopted and compliance level is 30 to 80%.

7. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees.

8. Vigilance Awareness Week 2016 with the theme "**Public participation in promoting integrity and eradicating corruption**" was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

9. Number of inspections including surprise inspections carried out by Unit Vigilance Officers and number of Annual Property Returns scrutinized between April 2016 to March 2017 is tabulated below:-

Inspection	**Total carried out between April 2016-March 2017 (by Unit Vigilance Officers)**
Periodic Inspection of purchase files	1001
Surprise Inspection	176
Scrutiny of Annual Property Returns	800

CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, 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, 2017, is also appended.

The Audit Committee has been constituted with the existing one Independent Director to comply the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015

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 31.03.2017, 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 are placed as Annexure MGT-9 to this Report.

AUDITORS

M/s. B. K. Ramadhyani & Co., LLP were appointed as Statutory Auditors of the Company for the year 2016-17 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 to this report along with replies. The report is self-explanatory and do not call for any further comments.

BOARD MEETINGS AND CHANGE IN DIRECTORS/KEY MANAGERIAL PERSONNEL

During the financial year 5 (Five) Board meetings were held and the details are given in Corporate Governance Report.

During the year, Dr. Subhash Chandra Pandey, ASFA has been appointed as the Director on 13.04.2016, Smt. Shashi B. Srivastava, has been appointed as Director Finance on 01.07.2016, Shri Ravindra Singh has been appointed as Independent Director on 02.02.2017 and Shri. Sivarami Reddy, Director (Operations) superannuated from the services of the Company on 30.06.2016.

Vide Presidential Order No.5 (42)/2007-P.E.X dated 2nd February, 2017 and in terms of Article 77(1) of the Articles of Association of the Company, Shri Ravindra Singh (DIN No. 00475462) has been appointed as Non-Official Independent Director on the Board of HMT Limited for a period of three years, from the date of notification of his appointment or until further orders, whichever is earlier.

Shri Ravindra Singh is proposed for appointment as Independent 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.

Dr. Subhash Chandra Pandey, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment

Shri. Subhash B.K resigned from the post of Company Secretary with effect from 04th August, 2016.

Shri. S. Girish Kumar, Managing Director of HMT (International) Limited was assigned the additional charge of the post of Chairman and Managing Director of HMT Limited with effect from 1st December, 2013. Further, vide Administrative Ministry's Order No. I-05/18/2015-PE.X dated 3rd April, 2017, Shri. S. Girish Kumar has been appointed as Chairman & Managing Director of the Company for a period of five years, who has assumed charge of the post on 21st April, 2017.

Further, the Company has appointed Mr. Kishor Kumar S as Company Secretary of the Company with effect from 8th June, 2017 and designated as Compliance Officer. Further Shri. Bhaskara Gowdar, Assistant General Manager – Corporate Finance of the Company as the Chief Financial Officer (CFO) with effect from 29th August, 2017.

DECLARATION FROM INDEPENDENT DIRECTOR

As per section 149(7) of the Companies Act, 2013, the Company has received declaration from Shri. Ravindra Singh, Independent Director of the Company.

INTERNAL FINANCIAL CONTROLS

With reference to financial statements, the Company has in place adequate internal financial controls. A detailed note with respect to Internal Financial controls is given in the Management Discussion and Analysis Report.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31 March 2017 and date of signing of this Report.

RELATED PARTY TRANSACTIONS

The details of related party transactions are given in the notes to the Financial Statements

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements

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: New Delhi
Date: 29-08-2017

MANAGEMENT DISCUSSIONS AND DEVELOPMENT

General Economic Environment /Opportunities:

Dairy activities have traditionally been integral to India's rural economy. The country is the world's largest producer of dairy products and also their largest consumer. Almost its entire produce is consumed in the domestic market and the country is neither an importer nor an exporter, except in a marginal sense. Despite being the world's largest producer, the dairy sector is by and large in the primitive stage of development and modernization.

On the demand side, the situation is buoyant. With the sustained growth of the Indian economy and a consequent rise in the purchasing power during the last two decades, more and more people today are able to afford milk and various other dairy products. This trend is expected to continue with the sector experiencing a robust growth in demand in the short and medium run.

FINANCIAL PERFORMANCE

The turnover of the Company for the year 2016-17 was Rs 10.43 Crore with net Loss of Rs. 239.49 Crore.

The total borrowing by the Company as on 31.3.2017 was Rs. 560.89 Crore of which includes Rs. 543.68 Crore of Government of India Loan.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

The Audit Committee reviews the Audit Report submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee is constituted 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 as the appointment of Independent Director was made on 02nd February, 2017 and re-constituted the audit committee on 31st March, 2017.

HUMAN RESOURCES

As on 31.03.2017, the Company and its Subsidiaries (including PTL which stands merged with HMT Machine Tools Ltd) had a total workforce of 2094 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, rationalization of surplus manpower and introduction of Voluntary Retirement Scheme (VRS) in HMT Tractors Division, Pinjore.

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				
		2013-14	2014-15	2015-16	2016-17	Total
1	HMT Limited	-	-	-	850	850
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	-	-	321	492	813
4	HMT Chinar Watches Ltd.	18	-	30	-	48
5	HMT Bearings Ltd.	-	-	37	-	37
6	HMT (International) Ltd.	-	-	-	-	-
	Total	18	-	388	1342	1748

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.

SUBSIDIARY WISE QUALIFICTION DETAILS AS ON 31.03.2017									
Sl. No.	Units/ Subsidiary	IP AS ON 31-03-2017	Engineer-ing Gra-duates	Diploma Holders	PROFESSIONALS		ITI/ NAC	General Graduates	Others
					HR	Finance			
1	HMT Limited	269	12	10	4	9	46	20	18
2	HMT M T L	1651	179	322	17	16	681	87	349
3	HMT W L	146	-	-	-	-	-	-	-
4	HMT C W L	0	-	-	-	-	-	-	-
5	HMT BLH	0	-	-	-	-	-	-	-
6	HMT(I) L	28	6	3	2	3	-	12	2
	TOTAL	**2094**	**197**	**335**	**23**	**28**	**727**	**119**	**369**

Note: TRBG (150 WG) & WATCHES (WG 146) NOT CONSIDERED IN QUALIFICATION DETAILS

PERSONNEL AND INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

In compliance with Regulation 17 of SEBI (LODR) Regulation, 2015 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 Regulation and practice followed by the Company.

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

II BOARD OF DIRECTORS

As on March 31, 2017, the Board of Directors comprised of Chairman & Managing Director I/c, Director (Finance), Part-time non official Independent Director and Two part-time Official Directors. Currently the position of 1 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 2016-17, Five (5) Board Meetings were held on May 30, August 10,, September 6, November 17 in the calendar year 2016 and February 10 in the calendar year 2017.

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	AGM/ EGM	Directorship	Committee	
					Membership	Chairmaship
S.Girish Kumar	C & MD	5	Yes	7	-	-
Subhash Chandra Pandey	NENI	5	-	1	-	-
Vishvajit Sahay	NENI	5	-	4	-	-
Ravindra Singh	NEI	1		-		
P. Sivarami Reddy	DOP/DFN (I/c)	1	-	3	-	-
Shashi B. Srivastava	DFN/ENI	4	Yes	-		

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

Familiarisation & Training Programmes for Directors

Pursuant to Regulation 25 (7) of the SEBI (LODR) Regulation, 2015, the Company has familiarized the Independent Director about the Company, its operations, divisions, subsidiaries and joint ventures, policies and also familiarized through programmes about their roles and responsibilities in the context of Companies Act, 2013. Shri. Ravindra Singh, Independent Director has attended the "Orientation Programme for Capacity Building of newly appointed Independent Directors of CPSEs" held on 17th and 18th March, 2017 at Puducherry.

Brief Resume of Director proposed for appointment and re-appointment as per SEBI (LODR) Regulation, 2015

SHRI. RAVINDRA SINGH

Shri. Ravindra Singh has been appointed as the Independent Director of HMT Limited for a period of three years with effect from 02nd February, 2017.

Shri. Ravindra Singh, aged 62 years is an IAS (UP 1979 batch) specialized in Corporate Administration.

Shri. Ravindra Singh was a Secretary to the Government of India, Ministry of Culture, New Delhi from 01.05.2012 to 30.4.2015 and also served as Advisor to Governor, Uttarakhand.

Shri. Ravindra Singh has vast experience in the area of infrastructure development related to Industrial, export, tourism & transport, industrial townships, Airport, Expressways, PWD Roads & Building's, Urban Infrastructure etc.

Shri. Ravindra Singh does not hold any shares in HMT.

III COMMITTEEES OF THE BOARD

A. AUDIT COMMITTEE

The Ministry vide Presidential Order No. 5 (42) 2007-P.E.X dated 02nd February, 2017 has appointed Shri Ravindra Singh as Non-Official Independent Director on the Board of the Company with effect from February 2, 2017. On appointment of Independent Director and Pursuant to provisions of Section 177 of the Companies Act 2013 as amended and read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014 as amended and in terms of regulation 18 (1) of the SEBI (LODR) Regulations, 2015, the Audit Committee was reconstituted on March 31, 2017. The Audit Committee consist of three Directors i.e. Shri. Ravindra Singh, Independent Director, Shri. Vishvajit Sahay, Director and Smt. Shashi B. Srivastava, Director Finance. Chairman of the Audit Committee is an Independent Director. Company Secretary shall be the Convener to the Committee. Further, as the President is the appointing authority for Directors, Government has been requested to appoint Independent Directors to comply with Listing requirements and provisions of Company's Act, 2013. (Brief description of terms of reference)

No committee meetings were held during the FY2016-17.

B. REMUNERATION COMMITTEE

Remuneration to Directors

The details of remuneration of whole time Directors are given below

Amount in Rs.

Particulars of Remuneration	Smt. Shashi B. Srivastava
Gross salary	2139444
Value of perquisites/ Commission/ Stock Option	NIL
Total	2139444

No sitting fee is payable to any of the directors except Part-time Non-Official (Independent) Directors. An amount of Rs.5000/- per meeting for the Board and Rs.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.

Details of sitting fees paid to the Independent Director during the year 2016-17 are given below

Amount in Rs.

Name	Sitting Fees paid for Board & Committee Meetings
Ravindra Singh	5000

- 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 4 meetings were held during the year 2016-17.

(ii) Name & Designation of the Compliance Officer:

Shri Kishor Kumar S (With effect from March 20, 2017) Company Secretary

(iii) THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

During the year ended March 31, 2017, there was only 16 Complaints received from Shareholder which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - Nill

IV GENERAL BODY MEETINGS

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

Financial	Date	Time year	Venue
2013-2014	30.09.2014	10.30 a.m	Registered Office at No.59, Bellary Road, Bangalore-32.
2014-2015	30.09.2015	10.30 a.m	
2015-2016	19.12.2016	10.30 a.m	

During the last three years the following Special Resolutions were passed:

1. Reduction of paid-up share capital of the Company from Rs.1204.09 Crores (existing capital divided into 120,40,91,640 equity shares of Rs. 10/- each fully paid up) to Rs. 355.60 Crores (proposed capital divided into 35,56,01,640 equity shares of Rs. 10/- each fully paid up) and that such reduction be effected by writing off accumulated losses of Rs. 848.49 Crores standing as at 31.03.2016 pursuant to the Letter No. I-0501/8/2015-PE-X dated 04th November, 2016 issued by Department of Heavy Industries.

Following Special resolutions was passed in previous year through postal ballot

1. Closure/winding up of the subsidiary companies viz., HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited pursuant to the Government Order No/ I-050II/6/2014-PE-X dated 13th January, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

2. Closure of Operation of the Tractor Division of the Company located at Pinjore, Mohali and Hyderabad pursuant to Letter No. 1-0501/8/2016-PE.X dated November 4,2016 issued by the Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry conveying the approval of Cabinet dated 27.10.2016.

The Company had appointed Shri. D. Venkateshwaralu, Practicing Company Secretary as scrutinizer for conducting the Postal Ballot process, in relation to the aforesaid proposals, in a fair and transparent manner. Accordingly, the Postal Ballot was conducted by the Scrutinizer and the report was submitted to the Chairman and the results of the Postal Ballot were subsequently declared by the Chairman as stated below and the resolutions, accordingly, were passed with requisite majority.

Details of voting pattern/results

Special Resolutions	**Voted in favour of the resolution**	**Voted againstthe resolution**	**Invalid vote**
Special Resolution for Closure/winding up of Subsidiary Companies	70 members (1128083453 No. of votes (99.999%)	18 members (1081 No. of votes 0.0001%)	8 members (6381 No. of votes)
Closure of Operation of the Tractor Division of the Company located at Pinjore, Mohali and Hyderabad	69 members (1128082399 No of votes 99.9998%)	19 members (2135 No of votes 0.0002%)	8 members (6381 No of votes)

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

V DISCLOSURES

i) 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.

ii) 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.

iii) The Company is in process of setting Whistle Blower Policy mechanism and the same shall be posted in Website.

iv) We affirm that no personnel are denied to access the audit committee. The personnel are also provided unrestricted access to the Senior management in case of any complaints.

VI 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.

VII 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.

VIII MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express/Business Line and Hosa digantha 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.

IX CEO AND CFO CERTIFICATION

In terms of the SEBI (LODR) Regulation, 2015, the Certification by the CEO (Chairman & Managing Director) and CFO on the Financial Statements and Internal controls relating to financial reporting for the financial year 2016-17 has been obtained and was placed before the Board.

X GENERAL SHAREHOLDERS INFORMATION (Tentative)

i)	**Annual General Meeting**	December, 2017 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, 2016 to March 31, 2017
AGM in	December, 2017

iii) Book Closure December ...... , 2017 to December.... , 2017 (both days inclusive)

iv) The Equity Shares of the Company listed with

1. Bombay Stock Exchange Limited, Mumbai
2. National Stock Exchanges of India Ltd., Mumbai

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

v) Stock Code No.

Bombay Stock Exchange Ltd., Mumbai	500191
National Stock Exchange of India Limited,	HMT Mumbai

ISIN No. INE 262A01018 IN

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

vi) Share Transfer System

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

vii) Non-Mandatory Requirements

Being a Government Company, the appointment and fixation of terms and conditions of appointment of all Directors are made by the Government of India. 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 2016 to March 2017

BSE

Month	High Price	Low Price
Apr-16	49.50	44.00
May-16	46.50	39.00
Jun-16	44.50	39.25
Jul-16	44.65	40.40
Aug-16	41.20	37.00
Sep-16	41.60	35.25
Oct-16	42.55	36.40
Nov-16	42.00	32.25
Dec-16	42.40	35.05
Jan-17	46.90	39.60
Feb-17	44.50	38.50
Mar-17	40.95	36.00

Company :HMT LTD. Period: Apr 2016 to March 2017

NSE

Month	High Price	Low Price
Apr-16	50.00	43.80
May-16	46.40	39.15
Jun-16	44.50	9.40
Jul-16	44.60	40.10
Aug-16	41.30	38.00
Sep-16	40.95	35.25
Oct-16	42.30	35.55
Nov-16	42.25	32.45
Dec-16	42.50	35.20
Jan-17	46.50	40.10
Feb-17	44.90	39.00
Mar-17	41.25	36.10

ix) Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2017 is given below :

Distribution Schedule As On 31/03/2017 (AMOUNT WISE)

Category	No. of Cases	% of Cases	Amount	% of Amount
1-5000	18321	88.41	24201150.00	0.20
5001- 10000	1328	6.41	11152830.00	0.09
10001- 20000	565	2.73	8781170.00	0.07
20001- 30000	175	0.84	4501880.00	0.04
30001- 40000	86	0.41	3096290.00	0.03
40001- 50000	72	0.35	3453370.00	0.03
50001- 100000	104	0.50	7690850.00	0.06
100001& Above	72	0.35	11978038860.00	99.48
Total:	**20723**	**100.00**	**12040916400.00**	**100.00**

Distribution of Shareholding as on 31/03/2017 (SHARES WISE)

Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1 - 5000	20547	99.15	5518669	0.46
5001 - 10000	104	0.50	769085	0.06
10001 - 20000	33	0.16	460071	0.04
20001 - 30000	22	0.11	545536	0.05
30001 - 40000	4	0.02	149339	0.01
40001 - 50000	2	0.01	87828	0.01
50001 - 100000	5	0.02	351435	0.03
100001 and above	6	0.03	1196209677	99.35
TOTAL:	**20723**	**100.00**	**1204091640**	**100.00**

Shareholding Pattern As On 31/03/2017 (Total)

Description	No. of Cases	Total Shares	% Equity
CLEARING MEMBERS	37	17039	0.00
FOREIGN PORTFOLIO INVESTORS	1	5265	0.00
H U F	480	434287	0.04
INDIAN MUTUAL FUNDS	10	18900	0.00
INSURANCE COMPANIES	1	100	0.00
BODIES CORPORATES	389	68962492	5.73
MUTUAL FUNDS	1	100	0.00
NBFC	4	10870	0.00
NON RESIDENT INDIANS	100	100690	0.01
NON RESIDENT INDIAN NON REPATRIABLE	49	20096	0.00
PROMOTERS	2	1128056626	93.69
RESIDENT INDIVIDUALS	19648	6465165	0.54
TRUSTS	1	10	0.00
Total	**20723**	**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 2017, the Company's Shares representing 760219683 equity shares were held in dematerialised form by Government of India. and the balance 443871957 shares were in the physical form.

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

xii) Plant Locations

The Company's manufacturing plant located at Aurangabad in Maharashtra, the addresses of which are given below:

Food Processing Equipment Division

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

xiii) Address for correspondence:

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

DISCLUSURE IN BOARD'S REPORT OF HMT LIMITED FOR THE YEAR ENDED 31-03-2017

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 yrs.)	Last Employment	%of equity in the company	Whether relatives of any director	Date of Birth
1	Shashi Bala Srivastava	Director,Finance	16,28,532.00	Deputation	IDAS & 28 yrs	01-Jul-16	54	PCDA, B'lore	Nil	No	9-Jun-63
2	K.L.Kaithws	General Manager	11,38,090.00	Permanent	B.E. 34 Yrs	01-Sep-83	60	-	Nil	No	7-Nov-57
3	Patnaik C	General Manager	11,14,496.00	Permanent	B.Sc(Engg), M.Tech, IIM(B)	12-Sep-82	57	HMT LTD.	Nil	No	31-May-59
4	Krishna Murthy G	General Manager	10,77,842.00	Permanent	B E	31-Mar-84	57	HMT LTD.	Nil	No	28-Dec-59
5	Udaya Sankar P	Jt.General Manager	10,77,525.00	Permanent	B E. M E	03-Aug-81	59	HMT LTD.	Nil	No	5-Jun-57
6	Sharma A.K.	Jt.General Manager	10,57,355.00	Permanent	B.Sc(Engg)	29-Aug-85	57	HMT LTD.	Nil	No	1-Mar-60
7	Raman Kaushal	General Technical Manager (P)	10,42,812.00	Permanent	B.Tech(Agri)/ 12 Years	17-Jun-05	55	-	Nil	No	19-Jul-62
8	Rajeev Chadha	Jt.General Manager	10,42,330.00	Permanent	C.A./29 Years	19-May-88	53	-	Nil	No	9-Jun-64
9	Ram Prasad S	Jt.General Manager	10,19,503.00	Permanent	B E, MBA	08-Mar-85	55	HMT LTD.	Nil	No	22-Nov-61
10	M R V Raja	General Technical Manager	10,17,818.00	Permanent	BE (Mech), MBA - 29 yrs	17-Oct-88	53	-	Nil	No	1-Oct-64

Annexure to the Directors Report

1. Conservation of Energy:

Energy Conservation Measures implemented:

- Electronic Chokes for tube lights have been replaced.
- CFL / LED lamps have been installed at some of the offices.
- Outer peripheral lighting has been replaced with LED lighting with fixtures.
- Old Computer models have been replaced with LED Monitors for less consumption of power.
- Loading of machines pre-planned.

2. Technology absorption:

- Based on the collaboration agreement Technology transferred to Food Processing Machinery Division, various products have been manufactured over the years.
- Products have been manufactured with the available technology which was inherited through the collaboration with KMA, Arten, then East Germany. This design of products needs an up-gradation.

3. Segment wise / Product wise performance of Food Processing Unit:

- SS Centrifugal Pumps: Well accepted in the market, but higher cost limiting our business.
- Cream Separators: Very good market for cream separators of capacity 1 kl & 2 kl. But higher capacity separator for 5 kl, 10 kl & 20 kl could not sustain in the market due to design and performance issues.
- Homogeniser : Homogeniser of capacity 1 kl & 2 kl well accepted in the market . Higher range like 3 KL & 5KL are manually operated type, whereas market requirement is Hydraulic versions which needs up gradation
- Milk Pasteuriser / Chiller : Owing to older design acceptance in the market is limited.
- Continuous Butter Making Machine: Monopoly product, however, automation of this product can further enhance its acceptance. Development of Salted Butter Making Version can have positive impact on the market.

4. Performance Highlights for the year 2016-17

Operations:

- Establishment of complete infrastructure can have bearing effect on improvement of product portfolio and hence the performance.
- Manufacturing Machines with latest new technology may improve the quality of existing products.

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 2016-17 stands at Rs.650.63 lakhs.

Description	2016-17	2015-16	2014-15
Capital	Nil	Nil	Nil
Recurring	650.63	240.00	285.00
Total	650.63	240.00	285.00

ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2016-17 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2017

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1	**Food Processing Machinery Division, Aurangabad** a) As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9) and 3) amounting to Rs. 285.58 lakhs, stock of raw material (including stock considered in WIP and FG are valued, based on the purchase order rates which are periodically updated in the inventory software. However, we observed many items, rates for which were not updated in the inventory software, thereby valuing the respective stock items as nil. These were later regularised manually based on the PO's available. Owing to the nature of the Company's records and in the absence of sufficient appropriate audit evidence, we are unable to ascertain if there is a departure from the weighted average cost method of valuation followed by the Company. We are also unable to ascertain its consequent impact, if any, on the Ind AS standalone financial statements. b) With regards to provision for non-moving inventory as stated in Note No.3) amounting to Rs.62.08 lakhs, the Company has relied on the report generated from the inventory software, however as discussed in the above paragraph, even in this report, the rates have not been updated against many stock items. Accordingly, the value of non-moving inventory is understated, consequently affecting the provision for non-moving inventory and thereby profit of the Company. The effects on the Ind AS standalone financial statements is not ascertainable.	The Inventory valuation is done as per Company's Accounting Policy.WIP is valued as per work completed likewise Finished Goods are valued as per cost of goods manufactured & sold. There is no Purchase Orders rates consideration in the valuation.We would like to inform that we have updated at later date valuation for those items which were procured in earlier periods and No rates were available at the time of valuation is done as per weighted average cost method only.As already explained above, we have updated inventory rates which were procured 3 to 4 years earlier periods and rates were not available due to switchover to other software program we then updated such items which were not valued earlier before audit. We confirm that the inventory valuation at later dates has been updated in presence of Statutory Auditor and there is no under valuation as per our estimation and no understatement of profit.

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
2	**Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit).** a) The unit has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although Balances are subject to confirmation and reconciliation if any. b) The amount outstanding Rs.132.24 lakhs with respect to provision for contingent liability for the interest payable on additional demand of CST demand. It is the case of statutory due pending for more than 6 months. The unit has availed the government scheme i.e., onetime settlement scheme during the year FY 17-18 by depositing the 10% of interest component amounting Rs. 13.22 lakhs. c) As per Ind AS requirement, the unit has not obtained actuarial valuation with respect to provident fund	a) As per system in vogue Unit has already sought confirmations as per mentioned in audit observations. The confirmation is directly sought in the name of Unit's Statutory auditors. However, consequent upon the closure of operations of Tractor Business Group the final settlement is already under process which is being done only after completely reconciling the dues and the same confirmed by both HMT and party. b) The amount mentioned in audit observation pertain to old interest demand for which appropriate provision has already been created in earlier financial years under the head "Provision for Contingencies". During financial year 2017-18 the Unit has already settled the above demand by paying 10% of the demanded amount in line with Special one time amnesty scheme launched by Haryana Govt. and appropriate accounting treatment has also been done during financial year 2017-18 in the books of accounts and hence there is no such liability as on date. c) The Unit is running Provident Fund Trust which is common for the employees of both Tractor Division and HMT Machine Tools Ltd., Pinjore due to which it has not been possible to obtain the actuarial valuation inspite of repeated efforts as mentioned in audit observations. However, consequent upon the closure of operations of Tractor Division, Pinjore the Provident Fund Trust is already under the process of final settlement of separated employees PF claims.
3	**Corporate Head Office, Bangalore** a) The Company contributes provident fund to its employees to a provident fund trust, which is a defined benefit plan. As per Ind AS – 19, the Company has not obtained the actuarial valuation report and accounted for employer's contribution.	HMT Limited (Holding Company) has five subsidiary Companies, viz., 1) HMT Machine Tools Limited, 2) HMT Watches Limited, 3) HMT (International) Limited, 4) HMT Bearings Limited and 5) HMT Chinar Watches Limited. The PF Trusts of various Units of the Subsidiary companies are situated in different locations, viz., Bangalore, Pinjore, Hyderabad, Kalamassery, Ajmer & Srinagar. Further, combinations of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust.

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
	b) The Company is in the process of obtaining the confirmation of balances from the parties with whom it has transactions. The effect on the revenue is not ascertained	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. CHO is reviewing the party wise balances periodically and majority of the creditors are towards General Expenses. In view of the above, there is no effect on the revenue.

For and on behalf of the Board of Directors

(S.Girish Kumar)
Chairman & Managing Director

Place: New Delhi
Date: 29-08-2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017

[*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, on NSE& BSE
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No . 31 & 32 , Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 Ph : +91 040 67161604

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	% total turnover of the company
1	Food Processing Machinery	29251	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidary 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 Limited	U05190KA1998PLC024253	Joint Venture	50

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

i) Category-wise Share Holding

Cate-gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physcial	Total	% of Total Shares	Demat	Physcial	Total	% of Total Shares	
(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	684315126	443741500	1128056626	93.69	684315126	443741500	1128056626	93.69	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)	Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**684315126**	**443741500**	**1128056626**	**93.69**	**684315126**	**443741500**	**1128056626**	**93.69**	**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**	**443741500**	**1128056626**	**93.69**	**684315126**	**443741500**	**1128056626**	**93.69**	**0.00**
(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	32688	0	32688	0.00	0	0	0	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	100	100	0.00	0	100	100	0.00	0.00

Cate--gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physcial	Total	% of Total Shares	Demat	Physcial	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00					
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B (1) :	**38053**	**19000**	**57053**	**0.00**	**5365**	**19000**	**24365**	**0.00**	**0.00**
(2)	NON INSTITUTIONS									
(a)	Bodies Corporate	68789664	800	68790464	5.71	68961692	800	68962492	5.73	-0.01
(b)	Individuals									
(i)	Individual holding nominal share capital up to Rs. 1 lakh	5893283	110657	6003940	0.50	5632676	109747	5742423	0.48	0.02
(ii)	Individual holding nominal share capital in excess of Rs 1 lakh	951914	0	951914	0.08	1157029	0	1157029	0.10	-0.02
(c)	Others									
	CLEARING MEMBERS	69490	0	69490	0.01	17039	0	17039	0.00	0.00
	NBFC	13860	0	13860	0.00	10870	0	10870	0.00	0.00
	NON RESIDENT INDIANS	147783	0	147783	0.01	100690	0	100690	0.01	0.00
	NRI NON-REPATRIATION	0	0	0	0.00	20096	0	20096	0.00	0.00
	TRUSTS	510	0	510	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):	**75866504**	**111457**	**75977961**	**6.31**	**75900102**	**110547**	**76010649**	**6.31**	**0.00**
	Total B = B (1)+B(2)	**75904557**	**130457**	**76035014**	**6.31**	**75905467**	**129547**	**76035014**	**6.31**	**0.00**
	Total (A+B) :	760219683	443871957	1204091640	100	760220593	443871047	1204091640	100	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	
(2)	Public	0	0	0	0.00	0	0	0	0.00	
	Grand Total (A+B+C)	**760219683**	**443871957**	**1204091640**	**100**	**760220593**	**443871047**	**1204091640**	**100**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	President of India	1128056626	93.69	NIL	1128056626	93.69	NIL	0.00

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

Sr. No		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	0	0	0	0
	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):	0	0	0	0
	At the End of the year	0	0	0	0

iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs):-

Sl. No.	Name of the Share Holders	HOLDING	% To Eqt.
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	5.61
2	UDAYANKUMAR N KOTHARI	104168	0.01
3	GANESH STOCKINVEST PVT LTD	91413	0.01
4	UMESH CHANDULAL GANDHI	85900	0.01
5	DILIPKUMAR LAKHI	78602	0.01
6	FORTUNE CREDIT CAPITAL LTD	75000	0.01
7	KARVY STOCK BROKING LTD	55511	0.00
8	PRADEEPKUMAR GHISULAL RATHOD	55000	0.00
9	UDAYANKUMAR N KOTHARI	53093	0.00
10	SUNSHINE FINSEC AND MERCANTILE LTD	45793	0.00
	TOTAL	**68183094**	**5.66**

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
None 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

(Rs. in Lakhs)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2016				
i) Principal Amount	2770.12	9034.50	-	11804.62
ii) Interest due but not paid	-	3289.35	-	3289.35
iii) Interest accrued but not due	-	281.08	-	281.08
Total (i+ii+iii)	**2770.12**	**12604.93**	**-**	**15375.05**
Change in Indebtedness during the financial year				
- Addition	-	45041.59	-	45041.59
- Reduction	2468.06	-	-	2468.06
Net Change	**2468.06**	**45041.59**	**-**	**42573.53**
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	302.06	55784.50	-	56086.56
ii) Interest due but not paid	-	1862.02-	-	1862.02
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**302.06**	**12604.93**	**-**	**57948.58**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director:

S.No.	Particulars of Remuneration	Smt. Shashi B Srivastava (Director Finance)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	 2139444 - -	 2139444 - -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others - Medical	-	-
	Total (A)	2139444	2139444
	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 to comply with listing requirements and Companies Act 2013

Particulars of Remuneration	*Shri. Ravindra Singh (Independent Director)*	*Total Amount*
- Fee for attending board/committee meetings	5000	5000
- Commission	0	0
- Others, please specify	0	0
Total (1)	5000	5000
Other Non-Executive Directors		
Particulars of Remuneration		
Total (2)		
Total (B)=(1+2)		
Total Managerial Remuneration	5000	5000
Overall Ceiling as per the Act		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary (Up to 04th August, 2016)	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/s17(2) Income-tax Act,1961		
	(c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	290022	290022
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission- as % of profit-others, specify…	-	-
5.	Others, please specify	-	-
	TOTAL	**290022**	**290022**

VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies	Brief Act Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
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				

For and on behalf of the Board of Directors

Place: New Delhi
Date: Date: 29-08-2017

(S.Girish Kumar)
Chairman & Managing Director

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2017

[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 - 560032

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 2017(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 2017 according to the provisions of:

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009**.**

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **- No instances were reported during the year.**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**

f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client**- The Company has appointed a SEBI authorised Category I Registrar and Share Transfer Agent.**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No de-listing was done during the year.**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**

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.

b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations, 2015).

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 Independent Directors as on 31st March 2017 in terms of Section 149(4) of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements Regulations 2015)***

- ***The Company has not appointed Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review.***

- ***The Company has not constituted any of the following Committees:***

  a. Remuneration and Nomination Committee.

  b. Corporate Social Responsibility Committee.

  c. Stakeholders Relationship Committee

  The Company has constituted audit Committee on 31st March 2017 and no meetings were held during the financial year 2016-17

- ***The Company has not formulated and adopted vigil mechanism as required under regulation 22 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015***

- ***The Company has not submitted to the Stock Exchanges, Consolidated Audited Financial Statements for the financial year 2015-16, within 60 days from the end of the financial year (regulation 33 of the Listing Obligations and Disclosure Requirements Regulations 2015).***

- ***The Company has not maintained minimum public shareholding of 25% in accordance with regulation 38 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 read with Rule 19 (2) and 19 A of the Securities Contract (Regulation) Rules, 1957***

- ***The Company was not in possession of the physical share certificates of HMT Machine Tools Limited worth of Rs.26,089.90 lakhs of Equity shares and Rs.44,300.00 lakhs of Preference shares.***

Also, I draw attention that:

- As per the Government Order No. I-050II/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 company situated in different locations/Units across the Country. The Company is in the process of implementation.

I further report that:

a. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for 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. 8554C P No. 7773

Place: New Delhi
Date: 29th August 2017

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. H.M.T. 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.

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

Place: New Delhi
Date: 29th August 2017

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.) (Rs in Lakhs)

Sl. No.	Particulars	Details				
		1	2	3	4	5
1.	Name of the subsidiary	HMT Machine Tools Limited	HMT (International)Ltd.	HMT Watches Limited	HMT Chinar Limited	HMT Bearings Limited
2.	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999	04-09-2000	21-10-1964
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA
5.	Share capital	27659.91	72.00	649.01	166.01	3770.91
6.	Reserves & surplus(Accumulated Losses)	(138153.08)*	3160.80	(280108.21)	(59081.67)	(16006.43)
7.	Total assets	34009.32	5389.07	7720.75	649.35	2029.95
8.	Total Liabilities	144502.48	2156.27	287179.95	59565.01	14265.47
9.	Investments	-	-	-	-	42.83
10.	Turnover	19752.38	2397.61	728.96	223.84	266.32
11.	Profit before taxation	(12759.04)	25.87	(20356.33)	90.57	(365.98)
12.	Provision for taxation	-	19.38	-	-	-
13.	Profit after taxation	(12759.04)	6.48	(20356.33)	90.57	(365.98)
14.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
15.	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.37%

*Includes Capital Reserve of Rs. 2270.82 Lakhs

1. Names of subsidiaries which are yet to commence operations - NIL
2. Names of subsidiaries which have been liquidated or sold during the year - NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2016	31.03.2017
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	24-09-1998
3	Shares of Associate held by the company on the year end		
	Nos.	2084050 of Rs. 1/- each	150000 of Rs. 10/- each
	Amount of Investment in Associates/Joint Venture	20.84	15
	Extend of Holding %	39.86%	50%
4	Description of how there is significant influence	Investment in the equity to the extent of 39.86% paid up capital	Investment in the equity to the extent of 50% paid up capital
5	Reason why the associate / joint venture is not Consolidated	Accounts of GSMTC are not received	N.A
6	Networth attributable to Shareholding as per latestaudited Balance Sheet	Accounts of GSMTC are not received	20.52
7	Profit / Loss for the year		
	i. Considered in Consolidation		0.33
	ii. Not Considered in Consolidation	Accounts of GSMTC are not yet received	N.A

1. Names of Associates which are yet to commence operations - NIL
2. Names of Associates which have been liquidated during the year - NIL

ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2016-17 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2017

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1	***During the year under review, the company did not have the required number of Independent Directors as on 31st March 2017 in terms of Section 149 (4) of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements Regulations 2015)***	*Being 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 falls under the purview of the Government of India.* *Vide Presidential Order No.5(42)/2007-P.E.X dated 2nd February, 2017, Shri Ravindra Singh has been appointed as Non-Official Independent Director on the Board of HMT Limited for a period of three years.* *The Company has requested the Administrative Ministry to appoint requisite number of Independent Directors to comply with the provisions of Companies Act 2013 and Listing requirements.*
2	***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.***	*Subsequent to the FY 2016-17, the Company has appointed Shri. Bhaskara Gowdar, Assistant General Manager-Corporate Finance of the Company as the Chief Financial Officer (CFO) of the Company to comply with the provisions of section 203 of the Companies Act, 2013.*
3	***The Company has not constituted any of the following Committees:*** ***a. Remuneration and Nomination Committee.*** ***b. Corporate Social Responsibility Committee.*** ***c. Stakeholders Relationship Committee*** ***The Company has constituted audit Committee on 31st March 2017 and no meetings were held during the financial year 2016-17***	*Ministry of Corporate Affairs vide notification dated 05th June, 2015, exempted Government Companies from the applicability of sub-section (2), (3) and (4) of section 178 of the Companies Act, 2013, except with regard to the appointment of "senior management" and other employees. For constitution of Nomination and Remuneration Committee, at least fifty percent of the directors shall be independent directors. With the existing one Independent Director, constitution of said committee shall not fulfill the criteria. Hence, the committee shall be constituted immediately after appointment of requisite number of independent directors on the Board of the Company.* *Subsequent to the FY2016-17, the Company has constituted Stakeholders Relationship Committee*

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
		The Company is in the process of constitution of Corporate Social Responsibility Committee. *As the Audit Committee has been re-constituted on last day of the financial year i.e. 31st March, 2017, no meetings could be held.*
4	***The Company has not formulated and adopted vigil mechanism as required under regulation 22 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015***	*The Company is in the process of adoption of Whistle Blower Policy.*
5	***The Company has not submitted to the Stock Exchanges, Consolidated Audited Financial Statementsfor the financial year 2015-16, within 60 days from the end of the financial year (regulation 33 of the Listing Obligations and Disclosure Requirements Regulations 2015).***	*The Stock Exchanges were informed that due to:* *1. Closure of Tractor Division of HMT Limited and three subsidiaries i.e. HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd, and most of the employees have been opted VRS and have been relieved on VRS.* *2. Activities connected with operational closure including disposal of all movable assets are in progress in.* *3. Further, due to adoption of new accounting policies based on IND AS, the finalization of accounts of Subsidiary Companies had taken more time and accordingly consideration of consolidated accounts by the Company.* *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*
6	***The Company has not maintained minimum public shareholding of 25% in accordance with regulation 38 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 read with Rule 19 (2) and 19 A of the Securities Contract (Regulation) Rules, 1957***	*The Shareholders of the Company at their 63rd Meeting held on December 19, 2016 have approved reduction of share Capital to the extent of Rs 848.49 Crore against Govt. of India paid up equity shareholding as per the approval of Union Cabinet in its meeting dated 27.10.2016. The Company is in the process of said reduction of share Capital.* *Subsequent to the reduction of share capital, public shareholding will increase to 21.38% and for the balance 3.62%, the management shall discuss with administrative ministry in order to comply with the said regulation.*
7	***The Company was not in possession of the physical share certificates of HMT Machine Tools Limited worth of Rs.26,089.90lakhs of Equity shares and Rs.44,300.00lakhs of Preference shares.***	*The Action is being initiated*

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF HMT LIMITED

1) We, B.K Ramadhyani & Co. LLP, Chartered Accountants, the Statutory Auditors of HMT Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the listing regulations).

Managements' Responsibility

2) The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

3) Our responsibility is limited to examining the Procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither and audit nor an expression of opinion on the financial statements of the Company.

4) We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5) We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act. 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical financial Information, and Other Assurance and Related Services Engagements.

Opinion

7) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management. We certify that the Company has Complied with the conditions of Corporate Governance as stipulated In regulations 17 to 27 and clauses (b) to (1) of regulation 46(2) and para C and D of Schedule-V Of the Listing Reg ulations during t he yea r ended March 31, 2017

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

For B. K. Ramadhyani & Co. LLP.
Chartered Accountants
(Firm's Registration No. 002878S/S200021)

C R Deepak, Partner
(Membership No. 215398)

Place : Bangalore
Date : August 28, 2017

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, 2017.

(S.Girish Kumar)
Chairman & Managing Director

Place: New Delhi
Date: 29th August, 2017

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 2016-17 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 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 that are fraudulent, illegal or violation 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 the 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) Any significant changes in internal control over financial reporting during the year;

   (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) Any 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

Bhaskara Gowdar, CFO   **S. Girish Kumar,** CMD/CEO

REVISED INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
HMT Limited

Revised Report on the Ind AS Standalone Financial Statements:

On completion of audit of accounts of HMT Limited ("the Company") for the year 2016 – 17, we had rendered our audit report dated August 29, 2017. Subsequent to our report, in light of the observations arising from the audit by the Comptroller & Audit General of India, the said report has been revised. This supersedes our previous independent audit report.

We have audited the accompanying Ind AS standalone financial statements of HMT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Standalone Financial Statements:

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS standalone financial statements that give a true and fair view of the state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these Ind AS 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS standalone 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 of the Ind AS standalone 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 Company's Directors, as well as evaluating the overall presentation of the Ind AS standalone financial statements.

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

Basis of our Qualified Opinion:

1. Food Processing Machinery Unit, Aurangabad:

a) As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9) and 3) amounting to Rs. 285.58 lakhs, stock of raw material (including stock considered in WIP and FG are valued, based on the purchase order rates which are periodically updated in the inventory software. However, we observed many items, rates for which were not updated in the inventory software, thereby valuing the respective stock items as nil. These were later regularised manually based on the PO's available. Owing to the nature of the Company's records and in the absence of sufficient appropriate audit evidence, we are unable to ascertain if there is a departure from the weighted average cost method of valuation followed by the Company. We are also unable to ascertain its consequent impact, if any, on the Ind AS standalone financial statements.

b) With regards to provision for non-moving inventory as stated in Note No.3) amounting to Rs.62.08 lakhs, the Company has relied on the report generated from the inventory software, however as discussed in the above paragraph, even in this report, the rates have not been updated against many stock items. Accordingly, the value of non-moving inventory is understated, consequently affecting the provision for non-moving inventory and thereby profit of the Company. The effects on the Ind AS standalone financial statements is not ascertainable.

2. Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit):

a) The unit has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although Balances are subject to confirmation and reconciliation if any.

b) The amount outstanding Rs.132.24 lakhs with respect to provision for contingent liability for the interest payable on additional demand of CST demand. It is the case of statutory due pending for more than 6 months. The unit has availed the government scheme i.e., onetime settlement scheme during the year FY 17-18 by depositing the 10% of interest component amounting Rs. 13.22 lakhs.

c) As per Ind AS requirement, the unit has not obtained actuarial valuation with respect to provident fund.

3 Corporate Head Office ("CHO"):

a) The Company contributes provident fund to its employees to a provident fund trust, which is a defined benefit plan. As per Ind AS – 19, the Company has not obtained the actuarial valuation report and accounted for employer's contribution.

b) The Company is in the process of obtaining the confirmation of balances from the parties with whom it has transactions. The effect on the revenue is not ascertained.

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 of our 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 (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), the changes in the equity and the cashflows for the year ended on that date.

Emphasis of Matter:

Attention of the members is invited to note 45 of the standalone financial statements regarding reasons for preparing thesestandalone Ind AS financial statements of the Company on going concern basis, notwithstanding the fact that the networth of the Company is substantially eroded. The appropriateness of the said basis is interalia dependent on the Company's ability to realise from sale of non current assets held for sale, support from Government of India and other business plans. We have also relied on the representation of the Company in this respect.

Other Matters:

i) **Incoming auditor to audit comparative information for adjustments to transition to Ind AS:**

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules,2006 audited by the M/s Dokania S. Kumar & Co., Chartered Accountants whose report for the year ended March 31, 2016 and March 31, 2015 dated May 30, 2016 and July 7, 2015 respectively expressed an Qualified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on the transition to the Ind AS, to an extent identified and which have been audited by us.

ii) We did not audit the financial statements/information of 3 units i.e. Tractor Business Group, Pinjore, Food Processing Machinery Unit, Aurangabad and Common Services Division, Bangalore included in the standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 11,931.23 lakhs as at March 31, 2017 and total revenues of Rs. 3,728.91 lakhs (including amount included in discontinued operations of Rs.2,874.20 lakhs) for the year ended on that date. The financial statements/ information of these branches have been audited by the branch auditors i.e. Goel Subhash & Associates, Ambala Cantt, M R Hundiwala & Co., Aurangabad and S V Jagadeesh & Co., Bangalore Chartered Accountants respectively 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 units, are based solely on the report of such branch auditors.

iii) 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 the Closing Balances of Last Year's Financial statements of CHO accounts except payment of Rs.183.68 lakhs towards due to Greater Hyderabad Municipal Corporation and Commercial Tax Officer, Hyderabad.

iv) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2017.

v) The Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in the charge Index of charges registered with Registrar of Companies of its Index Number 80046855.

vi) The Company has made a provision for non-moving inventories amounting to Rs.553.82 lakhs based on the certificate furnished by the management and relied upon by the auditors of the respective units.

vii) **The Branch Auditors of Tractor Business Group, Pinjore ("the Unit") have reported the following other matters:**

a) Balance in current maturities of VRS Loan from of India amounting to Rs.10,873.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management.

b) The Unit has made a provision of Rs.5,883.39 lakhs for allowance of trade receivables, the Unit auditors have relied based on the certificate furnished by the management.

c) During the year, the Unit has made a provision for contingencies amounting to Rs.204.77 lakhs, the Unit auditors have relied based on the certificate furnished by the management.

d) During the year the Unit has discontinued its operations and is in the process of making settlement for all its receivables and payables. The Company need to carry out proper review of following balances and take necessary action:

Particulars	Amount (Rs. In lakhs)	Remarks
Amount due to PWD	22.18	Due for more than 10 years
Modvat Recoverable of Hyderabad Division	7.26	Oustanding since 2005
Claim recoverable from Motokov Ltd	0.11	Outstanding since 1989–90
Customs Duty Deposit	0.22	Old balance
Bombay Port Trust	0.01	Old balance

viii) **The Branch Auditors of Food Processing Machinery Division, Aurangabad ("the Unit") have reported the following other matters:**

a. Inventories of the unit has been valued by the Company and auditors have relied based on the certificate furnished by the unit amounting to Rs.285.58 lakhs.

b. Disclosure in respect of contingent liabilities has been furnished based on the information and representations received from the management.

Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("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-A***" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by the 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 purpose of our audit.

b. Except for the possible effects of the matters described in the Basis for Qualified opinion paragraph, 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, the Cash Flow Statement and Statement of Changes in the Equity dealt with by this Report are in agreement with the books of account.

d. The Company has not obtained the actuarial valuation report in respect of Provident Fund Trusts, accordingly, in our opinion, the aforesaid Ind AS standalone financial statements don't comply with the Indian Accounting Standards specified under section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2017 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.

f. 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***".

g. With respect to other matters to be included in the Auditors 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 its pending litigations which would impact its financial position in note 29 of the Ind AS standalone financial statements.

ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards, and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings Specified Banking Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note – 41 of the Ind AS standalone financial statements.

3. As required by Section 143 (5) of the Act, we have considered the directions issued by the Comptroller and Audit General of India, the action taken thereon and its impact on the accounts and financial statements of the Company in ***"Annexure – C"***.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place: Bangalore
Date: November 10, 2017

ANNEXURE-A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant & Equipment ("PPE").

   b) Management during the year has physically verified PPE as per a phased program of physical verification except in Food Processing Machinery Unit, Aurangabad. The discrepancies noticed on such verification were not material and the same has been properly dealt with in the books of account.

   c) According to the information and explanation given to us by the Company, read with foot note c of note 3A, foot note iii) of note 3B and foot notes to note 3C of the Ind AS standalone financial statements, title deed of all immovable properties are held in the name of the Company.

2. The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, it has been reported by the Food Processing Machinery unit auditor that documentary evidences to support the same were not available for their verification.

3. In respect of the unsecured loans granted by the Company to companies covered in the register maintained under section 189 of the Act:

   a) In our opinion and according to information and explanation furnished to us, the terms and conditions of the loan given by the Company is prima facie, not prejudicial to the interest of the Company.

   b) According to information and explanation furnished to us by the Company there is no specific repayment specified by the Company.

   c) There is an overdue interest for year 2016 –17 outstanding as at the end of the year.

4. In our opinion and according to information and explanation furnished to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investment made.

5. The Company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act and rules framed under. Accordingly, the provisions of clause 3(v) of the said Order are not applicable.

6. In our opinion and according to information and explanations furnished to us, the Central Government has prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 148 of the Act as the Company to Tractor division. In the opinion of the unit auditor, prescribed cost records have been maintained by the Unit.

7. a) According to the records of the Company, the Company is generally not regular in depositing undisputed statutory dues including Income Tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

   b) The following undisputed amounts payable in respect of value added tax, cess and any other statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they become payable.

In respect of Tractor Division:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which Amount related to	Due Date	Date of Payment
1.	VAT/CST	Interest on demand	132.25 6.63 4.25	2001-02 to 2006-07 2012-13 2013-14		
2.	VAT/CST		7.02 13.46 5.34	1.4.16- 31.3.2017 2012-13 2013-14		

In respect of Food Processing Machinery Division:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which Amount related to	Due Date	Date of Payment
1.	Provident Fund	Provident Fund dues (Incl. of interst thereon	25,80,920 1,23,30,482 54,14,346	2014-15 2015-16 2016-17	All due dates are before 30th Sep,2016	April 2017

In respect of Corporate Head Office:

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which Amount related to	Due Date	Date of Payment
1.	Greater Hyderabad Municipal Corporation	Property tax	43,93,921	Previous years arrear penalty	1.	Greater Hyderabad Municipal Corporation
2	SPF	Employees Contribution	42,99,741	Since 31.3.2015 up to 31.3.2016	2	SPF
3	VPF	Employees Contribution (Incl., PF loan)	53,03,282	Since 31.3.2015 up to 31.3.2016	3	VPF
4	PF	Employer's Contribution	38,40,980	Since 31.3.2015 up to 31.3.2016	4	PF

c) According to the information and explanation given to us by the Company, there are no dues outstanding on account of any disputes in respect of income tax, service tax, customs duty or excise duty or value added tax except for the following in respect of Food Processing Division.

Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Amount paid under Protest (INR)	Period to which Amount related to	Forum where dispute is pending
Sales tax	Sales tax liability	3.42	Nil	2010-11	Deputy Commissioner of Sales Tax, Aurangabad

8. Based on the information and explanations given to us, the following amounts borrowed from any banks and government has been defaulted by the Company. However, it has not borrowed any amount from financial institution or issued the debentures.

   i) In respect of Corporate Head Office, Tractor Division, Food Processing Division and Common Services Division, principal and interest on loan received from the Government of India ("GOI") has been waived based on the letter received from Department of Heavy Industries, GOI.

   ii) In respect of Corporate Head Office, it has defaulted in repayment of loan taken from Dena Bank amounting to Rs.986.50 lakhs and interest of Rs.1,862.02 lakhs as at March 31, 2017.

9. In our opinion based on the information and explanation given to us, the Company, it has not raised any moneys by way of initial public offer or further public offer (including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the said Order are not applicable.

10. According to the information and explanation given to us, there are no frauds reported by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year. Accordingly, the provisions of clause 3(x) of the said Order are not applicable.

11. According to the information and explanation given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

12. The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable.

13. In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the said Order are not applicable.

15. As represented to us by the management and according to the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the said Order are not applicable.

16. According to the information and explanation given, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place: Bangalore
Date: November 10, 2017

ANNEXURE - B REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS 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"):

We have audited the internal financial controls over financial reporting of HMT Limited ("the Company") as of March 31, 2017 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". 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 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 ("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 (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 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 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 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 Opinion:

In case of Food Processing Machinery Unit, Aurangabad the branch auditor has reported in the following manner:

The Company did not have an appropriate internal control system for inventory with regard to inventory valuation, as the process of mutual updating the purchase rates in the inventory software are not adequately getting updated in the system. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

The Physical verification of assets was carried out for the FY 2015-16, however we could not find a reconciliation of such verification with the fixed assets register, thus an effective internal financial control may be evolved to ensure that there should not be any mismatch between the fixed asset register and physical assets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

The Company did not have adequate appropriate internal controls for reconciling and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result in a material weakness, in the financial reporting process of debtors and creditors.

The Company did not have appropriate internal controls for reconciliations and confirmations of Earnest Money Deposits, Security Deposits and other Deposits which could potentially result in a material weakness, in financial reporting process of current assets and current liabilities.

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 possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting were operating effectively as of 31 March 2017, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company as at and for the year ended 31 March 2017, and these material weaknesses have affected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

In respect of Common Services Division, Bangalore:

The branch auditor has reported that, in all material aspects internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Institute of Chartered Accountants of India.

In respect of Corporate Head Officer, Bangalore and Tractor Division, Pinjore:

The system of internal financial controls over financial reporting with respect of Tractor Division, Pinjore and Corporate Head Office, Bangalore were not made available to us to enable us to determine if the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at 31 March 2017.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the Ind AS standalone financial statements of the Company, and the disclaimer doesn't affect our opinion on the Ind AS standalone financial statements of the Company.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place: Bangalore
Date: November 10, 2017

ANNEXURE – C REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT DIRECTIONS INDICATING THE AREARS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE YEAR 2016 – 2017 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA ("C&AG") UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013

Sl. No.	Directions	Audit Observations
1.	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 title/ lease deeds are not available.	According to the information and explanation given to us by the Company, the Company holds the clear title of all freehold and leasehold land except for the cases referred in additional information para 3A (c) and 3B (iii) of the standalone financial statements.
2.	Please report whether there are any cases of waiver write off debts/loans/interest etc., if yes the reasons there for and the amount involved.	Based on the information and explanations furnished to us by the Company, there are no cases of waiver/ written off of loans interest etc. given by the Company. However, the Company has made a provision of Rs.40.85 lakhs for obsolescence for inventories, Rs.1,034.85 lakhs for trade receivables, Rs.9.1 lakhs for loans & advances and Rs.4,395.87 lakhs for investments.
3.	Whether the Proper records are maintained for inventories lying with the third parties & assets as gift from Govt. or other authorities	No inventories are maintained at CHO Level. Proper records have been maintained for the assets received from Govt. or other authorities. As per the report of branch auditors, proper records have been maintained for inventories lying with the third parties and assets received as gift from Govt. or other authorities.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of HMT Limited, Bangalore for the year ended 31 March 2017 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 the 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 10 November 2017.

I, on 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 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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

(L. Tochhawng)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 14 November 2017

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017

1. Background:

HMT Limited ('the Company') is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company's shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Tractors, Food Processing Machineries etc.

2. Significant Accounting Policies:

i) Basis of preparation:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The standalone financial statements of the Company are prepared and presented in accordance with Ind AS.

For all periods, up to and including the year ended March 31, 2016, the Company had prepared and presented its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). The financial statements for the year ended March 31, 2017 are the first the Company has prepared and presented in accordance with Ind AS. Refer to Note No. 40 for information on first time adoption of Ind AS from April 1, 2015 by the Company.

The financial statements have been prepared on the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

b) Property, Plant & Equipment :

Property, Plant and Equipment ('PPE') are stated at cost of acquisition or construction, net of Vatable taxes, 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.

Expenditure in connection with the development of land is capitalised in the year in which the expense is incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

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.

The cost of an item of PPE shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) The cost of the item can be measured reliably.

Items of PPE which is held for sale within 12 months from the end of reporting period is disclosed at lower of carrying cost or fair value less cost of sale

The carrying amount of an item of PPE is de-recognised:

a) on disposal; or

b) Where no future economic benefits are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of PPE shall be included in statement of profit or loss when the item is derecognised.

Special Tools:

Expenditure on manufactured and bought out special tools held for use in the production or supply of the goods or services and whose use is greater than one period is considered as an item of PPE and is depreciated over its useful life of 5 years.

c) Borrowing Cost:

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition of PPE which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

All other borrowing costs are expensed in the period in which they occur.

d) Investment Property:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciated building component of investment property as per the useful life prescribed in Schedule II of the Act.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

e) Intangible Assets:

i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

ii) 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.

iii) 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.

iv) *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.

f) Depreciation and Amortisation:

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

Each part of an item of PPE (also known as 'Component') with a cost that is significant in relation to the total cost of the item and has different useful life from that of the PPE it shall be depreciated separately.

Special Tools capitalised as PPE is depreciated over the period of five years and items those costing less than Rs.750 is depreciated in the year of acquisition/ manufacture.

Amortisation methods and useful lives of intangible assets are reviewed periodically including at the end of each financial year.

g) Non-current assets held for distribution to owners and discontinued operations:

The Company classifies non-current assets as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required completing the sale/ distribution should indicate that it is unlikely that significant change to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Non-current Assets classified as held for sale/distribution are presented separately in the balance sheet.

h) Government Grants:

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expenses. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

i) Inventories:

Raw materials, stores, work in progress and finished goods are valued at the lower of cost and net realizable value. The cost of materials is ascertained by adopting Weighted Average Cost Method.

Cost of work in progress, finished goods and goods-in-transit comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead being allocated on the basis of normal operating capacity.

j) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on Ind AS 18, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

The Company collects the applicable taxes on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

i) Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company recognises the Sale of Goods based on:

1) 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.

2) In case of FOR destination contracts, "when the significant risk and reward of ownership get transferred to the buyer on physical delivery.

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

ii) Rendering of services:

Revenue from sale of services is recognised by reference to the stage of completion. Stage of completion is measured by services performed to date as a percentage of total services to be performed.

iii) Rental Income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

iv) Dividend Income:

Dividend income is recognised when the Companies right to receive the payment is established, which is generally when shareholders approve the dividend.

v) Interest Income:

Interest income, including income arising from other financial instruments measured at amortised cost, is recognized using the effective interest rate method.

vi) Warranty:

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

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

vii) Extended Warranties:

When the company sells extended warranty, the revenue from sale of extended warranty is deferred and recognised over the period covered by the warranty. Where extended warranties are included in the price of the product and provide protection in excess of that provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

k) Foreign Currency Translation:

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

l) Retirement & Other 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 long-term employee benefit based on actuarial valuation.

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

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

The Company recognizes the net obligation of a defined benefit plan i.e. Gratuity and SA in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in Other Comprehensive Income are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company recognizes re-measurement gains and losses on defined benefit plans (net of tax) to retained earnings.

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

The amount of Rs.50,000/- 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 Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the yearend for Gratuity, ELE and SA is restated as per the actuarial valuation done at the year-end

Gratuity, ELE, SA and lump sum compensation paid to employees under Voluntary Retirement Scheme ("VRS") 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 VRS are fully written off in the year of disbursement.

m) Income taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i) Current taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii) *Deferred Taxes:*

Deferred income tax assets and liabilities are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

n) Provisions:

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized in the statement of Profit and loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Impairment:

i) Financial assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

ii) *Non-financial assets:*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

p) Financial Instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i) Cash & cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of twelve months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost:

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

iv) Financial assets at fair value through profit or loss:

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

v) Financial Liabilities:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

vi) De-recognition of financial instruments:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

vii) Fair value of financial instruments:

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

viii) Investment in subsidiaries, joint ventures and associates:

Investment in subsidiaries, joint ventures and associates is carried at cost.

iii) Significant accounting judgements, estimations and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Judgements:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements

a. Operating lease– Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b Discontinued Operations

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. Thereafter, operations closed in the same Financial Year. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

c Property, plant & equipment

Building at Corporate Head Office, where the significant portion of the property is used as Company owner occupied property and certain portion has been leased out by the Company. The management doesn't have any intention to sell the building and the portion of building which has been leased is for a short period and accordingly, it has been classified as PPE.

ii) ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a Deferred Taxes

Deferred Tax Assets must be recognised to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilised. The company does not recognise Deferred Tax Asset since the company has unused tax losses and there is no convincing evidence about future taxable profit.

b Defined Benefit Obligations:

The cost of the defined benefit gratuity plan and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

c Other Long-Term Employee Benefits

Other Long-Term Employee Benefits like Earned Leave Encashment is determined through an actuarial valuation. The measurement of the long-term employee benefits is not subject to the same degree of uncertainty as the measurement of Defined Benefit Obligation. For this reason, the Re-measurement are not recognised in Other Comprehensive Income.

d Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the NAV/NRV model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

* * * * * *

STANDALONE FINANCIAL STATEMENTS

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
ASSETS				
Non-current assets				
Property, plant and equipment	3A	1,645.37	2,224.44	2,476.29
Capital work in progress	3A	-	4.30	4.30
Investment Property	3B	299.58	0.85	0.85
Financial assets				
Investments	4	72,029.30	76,425.17	76,424.82
Other Assets	10	-	442.35	349.36
		73,974.25	**79,097.11**	**79,255.62**
Current assets				
Inventories	5	1,858.38	2,522.20	3,421.45
Financial assets				
Trade Receivables	6	594.68	1,542.54	2,090.30
Cash and cash equivalents	7	13,621.64	916.10	1,798.43
Loans	8	154.78	146.02	50,565.09
Other Financial Assets	9	4.20	0.00	4.15
Other Assets	10	2,598.52	3,775.22	5,996.77
		18,832.20	**8,902.08**	**63,876.19**
Non Current Assets Held for Sale	3C	11.50	-	-
		11.50	**-**	**-**
TOTAL ASSETS		**92,817.95**	**87,999.19**	**1,43,131.81**
EQUITY AND LIABILITIES				
Equity				
Share Capital	11	1,20,409.16	1,20,409.16	1,20,409.16
Other equity	12	(99,879.30)	(86,576.00)	(84,847.23)
Total equity		**20,529.86**	**33,833.16**	**35,561.93**
Non-current liabilities				
Financial liabilities				
Borrowings	13	33,198.11	2,811.60	4,022.80
Preference Share Capital	14	-	-	21,700.00
Provisions				
Provision for Employee Benefits	15	1,057.81	7,604.76	8,286.16
		34,255.92	**10,416.36**	**34,008.96**

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Current liabilities				
Financial liabilities				
Borrowings	13	732.06	3,616.12	3,456.84
Trade payables	16	1,617.54	1,878.17	1,996.68
Other financial liabilities	17	17,408.12	12,633.33	50,899.62
Other Current Liabilities	18	16,349.84	19,852.85	11,161.85
Provisions				
Provision for Employee Benefits	15	1,713.09	3,619.94	3,853.57
Others	19	211.52	287.81	330.91
Current Tax Liabilities (Net)		-	1,861.45	1,861.45
		38,032.17	**43,749.67**	**73,560.92**
Total liabilities		**72,288.09**	**54,166.03**	**1,07,569.88**
TOTAL EQUITY AND LIABILITIES		**92,817.95**	**87,999.19**	**1,43,131.81**

As per our Report of even date attached

For and on behalf of the Board of Directors of HMT Limited

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Note No.	Year ended 31-03-2017	Year ended 31-03-2016
CONTINUING OPERATIONS			
Sale of goods (including excise duty)		1,012.54	700.15
Rendering of services		30.46	25.75
Revenue from operations	20	**1,043.00**	**725.90**
Other income	21	1,103.00	10,447.67
Total Income		**2,146.00**	**11,173.57**
EXPENSES			
Cost of raw materials consumed	22	266.98	245.62
Changes in inventories of finished goods, work-in-progress and traded goods	23	7.50	(58.11)
Excise duty on goods sold during the year		29.28	31.70
Changes in Excise Duty on Fin. Goods	24	2.48	2.91
Employee benefits expense	25	1,026.04	1,105.74
Depreciation and amortization expense	26	31.57	26.79
Finance costs	27	287.92	297.47
Other expenses	28	5,041.71	470.10
Total expense		**6,693.48**	**2,122.22**
Profit/(loss)before exceptional items and tax from continuing operations		**(4,547.48)**	**9,051.35**
Exceptional items	29	531.05	-
Profit/(loss)before and tax from continuing operations		**(4,016.43)**	**9,051.35**
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Adjustment of tax relating to earlier periods		(1,861.45)	-
		(1,861.45)	-
Profit/(loss) for the year from continuing operations		**(2,154.98)**	**9,051.35**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations		(21,794.22)	(10,765.52)
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**(21,794.22)**	**(10,765.52)**
Profit/(loss) for the year		**(23,949.20)**	**(1,714.17)**

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Note No.	Year ended 31-03-2017	Year ended 31-03-2016
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on FVTOCI debt securities			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**-**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		349.61	(14.95)
Revaluation of land and buildings			
Net (loss)/gain on FVTOCI equity Securities		-	0.35
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**349.61**	**(14.60)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(23,599.59)**	**(1,728.77)**
Earnings per share for continuing operations			
Basic, profit from continuing operations attributable to equity holders of the parent		(0.18)	0.75
Diluted, profit from continuing operations attributable to equity holders of the parent		(0.18)	0.75
Earnings per share for discontinued operations			
Basic, profit from continuing operations attributable to equity holders of the parent		(1.81)	(0.89)
Diluted, profit from continuing operations attributable to equity holders of the parent		(1.81)	(0.89)
Earnings per share from continuing and discontinued operations			
Basic, profit for the year attributable to equity holders of the parent		(1.99)	(0.14)
Diluted, profit for the year attributable to equity holders of the parent		(1.99)	(0.14)

As per our Report of even date attached

For and on behalf of the Board of Directors of HMT Limited

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

(Rs. in lakhs)

A. EQUITY SHARE CAPITAL

Balance as at 1 April 2015	1,20,409.16
Changes in the Equity Share Capital during the year	-
Balance as at 31 March 2016	1,20,409.16
Changes in the Equity Share Capital during the year	-
Balance as at 31 March 2017	**1,20,409.16**

B. Other Equity

	Reserves and Surplus				Other Comprehensive Income		
	Capital Reserve	General Reserve	Govt.Grant (GOI Loan)	Retained Earnings	Equity Instruments through OCI	Other Item	Total equity attributable to equity holders of the Company
Balance as at 1 April 15	**-**	**13,453.11**	**-**	**(96,182.52)**	**34.96**	**(2,152.78)**	**(84,847.23)**
Discontinued operations	-	-	-	(10,765.52)	-	-	(10,765.52)
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	(14.95)	(14.95)
Dividends including (DDT)							0.00
Units Profit							0.00
Total Comprehensive income for the year	-	-	-	9,051.35	0.35	-	9,051.70
Balance as at 31 March 16	**-**	**13,453.11**	**-**	**(97,896.69)**	**35.31**	**(2,167.73)**	**(86,576.00)**
GoI Grant (GoI Loan)			10,296.29				10,296.29
Discontinued operations				(21,794.22)			(21,794.22)
Remeasurement of the net defined benefit liability/asset, net of tax effect						349.61	349.61
Total Comprehensive Income for the year				(2,154.98)			(2,154.98)
Balance as at 31 March 17	**-**	**13,453.11**	**10,296.29**	**(1,21,845.89)**	**35.31**	**(1,818.12)**	**(99,879.30)**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

For and on behalf of the Board of Directors of HMT Limited

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Year ended 31-03-2017	Year ended 31-03-2016
Operating activities		
Profit/(loss) before tax from continuing operations	(4,016.43)	9,051.35
Profit/(loss) before tax from discontinued operations	(27,493.06)	(10,800.93)
Profit before tax	**(31,509.49)**	**(1,749.58)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	250.60	314.50
Depreciation of investment properties	26.12	-
Provision of loss in value of Equity	4,395.87	-
Adjustment in Depreciation passed to P/L	9.49	2.25
Gain on disposal of property, plant and equipment	(10.51)	(0.40)
Loss on disposal of property, plant and equipment	-	0.01
Finance income	(216.69)	(1,200.64)
Finance costs	2,529.95	2,532.69
Waiver of Government of India Loan	(9,058.38)	
Dividend received from subsidiaries	(14.40)	(14.40)
Working capital adjustments:		
Movements in provisions, gratuity and government grants	(2,481.64)	(937.67)
Increase in trade and other receivables and prepayments	2,553.95	53,099.55
Decrease in inventories	663.82	899.25
Increase in trade and other payables	(3,763.63)	8,572.49
	(36,624.94)	61,518.05
Income tax paid/reversed	-	-
Net cash flows from operating activities	**(36,624.94)**	**61,518.05**
Investing activities		
Proceeds from sale of property, plant and equipment	10.51	0.39
Purchase of property, plant and equipment	(13.08)	(64.91)
Dividend received from subsidiaries	14.40	14.40
Interest received	216.69	1,200.64
Receipt of government grants		
Net cash flows used in investing activities	**228.52**	**1,150.52**
Financing activities		
Interest Paid	(2,381.98)	(1,396.18)
Proceeds from borrowings	54,368.00	416.00
Repayment of borrowings	(2,884.06)	(256.72)
Redemption of preference Share Capital	-	(62,314.00)
Net cash flows from/(used in) financing activities	**49,101.96**	**(63,550.90)**

STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Year ended 31-03-2017	Year ended 31-03-2016
Net increase in cash and cash equivalents	12,705.54	(882.33)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	916.10	1,798.43
Cash and cash equivalents at year end	**13,621.64**	**916.10**

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7

2) The Cash and Cash equivalents has been considered as per Note No.7

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

For and on behalf of the Board of Directors of HMT Limited

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

3A. PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

	Land & Land Development	Buil--dings	Plant and Machinery	Furniture Fittings & Office Appliances	Special Tools	Transport Vechicles	Land Lease-hold	Total
Cost as at 1 April 2015	**180.04**	**1,930.11**	**10,941.26**	**460.31**	**587.11**	**136.69**	**17.09**	**14,252.61**
Additions	-		27.70	2.25	34.96			**64.91**
Disposals	-		(2.00)	(0.19)				**(2.19)**
At 31 March 2016	**180.04**	**1,930.11**	**10,966.96**	**462.37**	**622.07**	**136.69**	**17.09**	**14,315.33**
Additions	-		3.85	12.05	1.48			**17.38**
Transferred to Investment Property	(10.44)	(1,258.49)						**(1,268.93**
Disposals	-		(19.81)			(2.58)		**(22.39)**
Transfer to Non Current Assets held for Sale	(11.41)							**(11.41)**
At 31 March 2017	**158.19**	**671.62**	**10,951.00**	**474.42**	**623.55**	**134.11**	**17.09**	**13,029.98**
As at 1 April 2015	**-**	**1,178.79**	**9,489.34**	**456.50**	**505.93**	**136.31**	**9.45**	**11,776.32**
Depreciation charge for the year	-	37.21	217.28	2.06	57.44	0.38	0.13	**314.50**
Disposals	-	(0.12)	(0.38)	0.57				**0.07**
At 31 March 2016	**-**	**1,215.88**	**9,706.24**	**459.13**	**563.37**	**136.69**	**9.58**	**12,090.89**
Depreciation charge for the year	-	17.75	201.82	2.01	28.90	-	0.12	**250.60**
Disposals/Adjust			(16.82)		6.51	(2.58)	**-**	**(12.89)**
Transferred to Investment Property		(943.99)						**(943.99)**
At 31 March 2017	**-**	**289.64**	**9,891.24**	**467.65**	**592.27**	**134.11**	**9.70**	**11,384.61**
Net book value								
At 31 March 2017	**158.19**	**381.98**	**1,059.76**	**6.77**	**31.28**	**-**	**7.39**	**1,645.37**
At 31 March 2016	180.04	714.23	1,260.72	3.24	58.69	-	7.51	2,224.44
At 1 April 2015	180.04	751.32	1,451.92	3.81	81.18	0.38	7.64	2,476.29

Net book value	**31-03-2017 Amount**	**31-03-2016 Amount**	**01-04-2015 Amount**
Plant Property and Equipment	1,645.37	2,224.44	2,476.29
Capital work in progress	-	4.30	4.30

Additional Information:

(a) Quantum of loss due to Impairment of Assets as per IND AS-36 - Nil

(b) Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection.

Land:

(c) 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.

Others:

(d) In Tractor Division-Pinjore: 1 No Transport Vehicle with WDV of Rs. 1/- was lost due to theft and is to be written off. Factory Equipment with WDV Rs. 4/-, Office Equipment with WDV of Rs.3/-, Electrical Equipment with WDV Rs.13/-, Furniture and Fixtures with WDV Rs.19/-, Computer & Data Processing Equipment with WDV Rs.6/- were burnt during fire in store and to be written off.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

3B. INVESTMENT PROPERTY

Opening balance at 1 April 2015	**187.49**
Additions	
Closing balance at 31 March 2016	**187.49**
Additions	1,268.93
Less: Non Current Assets Held for Sale	0.09
Closing balance at 31 March 2017	**1,456.33**
Depreciation and impairment	
Opening balance at 1 April 2015	**186.64**
Depreciation	
Closing balance at 31 March 2016	**186.64**
Depreciation	26.12
Deduct/adjustment	943.99
Closing balance at 31 March 2017	**1,156.75**
Net Block	
at 31 March 2017	**299.58**
at 31 March 2016	0.85
at 01 April 2015	0.85

Additional Information:

i) The Company has classified certain land & building as investment property which is not a owner occupied property

ii) The Company has not obtained any fair valuation of the investment property from independent valuer. Hence, no disclosure in this respect has been furnished.

iii) Land:

(a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 822.67 acres (includes 446 acres as Assets held for Sale and is reclassified accordingly), 30 acres (includes 3 acres as Assets Held for sale and is reclassified accordingly) and 660.75 acres respectively, nominally valued at Rs. 1/- each. The mutation of title of land in the name of the Company is yet to be done.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

(b) In respect of land 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 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) 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 Telangana (formerly called as 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 Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land].

(c) In respect of land 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Additional Information:			
Information regarding income and expenditure of Investment property			
Rental income derived from investment properties	143.90		
Direct operating expenses (including repairs and maintenance) generating rental income			
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(113.65)	(52.54)	(75.15)
Profit arising from investment properties before depreciation and indirect expenses	**30.25**	**(52.54)**	**(75.15)**
Less – Depreciation	26.12	0.00	0.00
Profit arising from investment properties before indirect expenses	**4.13**	**(52.54)**	**(75.15)**

3C. Non Current Assets Held for Sale			
Nature of Asset			
Land	11.50	-	-
Total	**11.50**	**-**	**-**

Additional Information:

(a) 5.80 acres of land held by HMT Ltd, Bangalore is classified as Assets Held for Sale and the tender process for the mentioned land is completed. The Sale is expected to be completed in FY 17-18.

(b) 446 acres of land at Pinjore, Haryana is classified as Assets held for Sale. The transfer of the mentioned land is expected to be completed during the FY 17-18 on completion of the survey and clearance from the Forest Department.

(c) 3 acres of land at kalamassery is classified as Held for Sale. The advance for the sale of land has been received and the sale is expected to be completed in FY 17-18.

(d) Before the sale of the mentioned land the approval of the respective state governments will be obtained.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
4. Financial assets			
Investments In Equity Instruments			
Investments at fair value through Other Comprehensive Income (FVTOCI)			
Unquoted equity shares (fully paid)			
1,60,800 (31-Mar-16: 1,60,800, 1-Apr-15: 1,60,800) Equity shares of ₹ 10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	51.39	51.39	51.04
30,00,000 (31-Mar-16: 30,00,000, 1-Apr-15: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-	-
Total FVTOCI investments	**51.39**	**51.39**	**51.04**
Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture			
Investments in Joint Venture			
1,50,000 (31-Mar-16: 1,50,000, 1-Apr-15: 1,50,000) Equity shares of ₹ 10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	15.00	15.00	15.00
Investments in Associates			
20,84,050 (31-Mar-16: 20,84,050, 1-Apr-15: 20,84,050) Equity Shares of ₹ 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-	-
Investment in Subsidiaries			
7,20,000 (31-Mar-16: 7,20,000, 1-Apr-15: 7,20,000) Equity Shares {including 6,90,000 (31-Mar-16: 6,90,000, 1-Apr-15: 6,90,000) Bonus Shares} of ₹ 10 each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00	3.00
3,74,68,586 (31-Mar-16: 3,74,68,586, 1-Apr-15: 3,74,68,586) Equity Shares of ₹10 each fully paid up in HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86	3,746.86

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
27,65,99,137 (31-Mar-16: 27,65,99,137, 1-Apr-15: 27,65,99,137) Equity Shares of ₹ 10 each fully paid up in HMT Machine Tools Ltd, Bangalore	27,659.91	27,659.91	27,659.91
64,90,100 (31-Mar-16: 64,90,100, 1-Apr-15: 64,90,100) Equity Shares of ₹10 each fully paid up in HMT Watches Ltd, Bangalore	649.01	649.01	649.01
16,60,100 (31-Mar-16: 16,60,100, 1-Apr-15: 16,60,100) Equity Shares of ₹10 each fully paid up in HMT Chinar Watches Ltd, Jammu	166.01	166.01	166.01
Total Investment in Equity instruments in subsidiaries and Joint Venture	**32,239.79**	**32,239.79**	**32,239.79**
Investments in Preference Shares			
Investment in Subsidiaries			
4,43,00,000 (31-Mar-16: 4,43,00,000, 1-Apr-15: 4,43,00,000) 3.5% Redeemable Preference Shares of ₹ 100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	44,300.00	44,300.00	44,300.00
Total Investment in Preference Shares	**44,300.00**	**44,300.00**	**44,300.00**
Total	**76,591.18**	**76,591.18**	**76,590.83**
Less: Allowance for Investments in Subsidiaries			
HMT Chinar Watches Ltd, Jammu	166.01	166.01	166.01
HMT Watches Ltd, Bangalore	649.01	-	-
HMT Bearings Ltd, Hyderabad	3,746.86	-	-
	4,561.88	**166.01**	**166.01**
Total Investments	**72,029.30**	**76,425.17**	**76,424.82**
Current	-	-	-
Non Current	72,029.30	76,425.17	76,424.82
Aggregate amount of unquoted investments	51.39	51.39	51.04
Aggregate amount of impairment in value of investments	4,561.88	166.01	166.01

Additional Information:

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 the Company.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
5. Inventories			
Raw Materials and Components	753.77	744.22	895.43
Material and Components in Transit	-	-	0.06
Work-in-Progress	717.46	1,139.77	1,354.94
Finished Goods #	286.34	480.62	877.90
Stock in Trade	305.57	339.26	427.10
Stores and Spares	37.26	43.98	52.67
Tools and Instruments	292.39	282.05	281.79
Scrap	19.41	5.30	24.85
	2,412.20	**3,035.20**	**3,914.74**
Less: Provision for Non-moving Inventories	553.82	513.00	493.29
	1,858.38	**2,522.20**	**3,421.45**
# Includes Excise Duty paid/ payable			
6. Trade Receivables			
Secured, considered good	-	-	-
Unsecured, considered good	594.68	1,542.54	2,090.30
Doubtful	5,938.46	4,903.61	4,458.77
	6,533.14	**6,446.15**	**6,549.07**
Allowance for doubtful debts			
Unsecured, considered doubtful	5,938.46	4,903.61	4,458.77
	594.68	**1,542.54**	**2,090.30**
Trade Receivables exceeding 6months from the date they are due for payment	403.52	1,458.37	1,988.66
Trade Receivables less than 6 months from the date they are due for payment	191.16	84.17	101.64

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
7. Cash and Cash equivalents			
Balances with banks:			
- On current accounts	6,468.33	215.04	137.04
- On Deposits accounts less than 12 months	7,152.81	693.65	1,658.05
Cash and Cheques on hand	0.50	7.41	3.34
	13,621.64	**916.10**	**1,798.43**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
8. Loans			
Unsecured			
Loans to subsidiaries			
Considered Good			
HMT Machine Tools Ltd	154.78	146.02	1,148.68
HMT Watches Ltd	-	-	49,416.41
	154.78	**146.02**	**50,565.09**
Considered Doubtful			
HMT Chinar Watches Ltd	-	-	8,265.82
	154.78	**146.02**	**58,830.91**
Less: Allowance for bad and doubtful loans	-	-	8,265.82
Total	**154.78**	**146.02**	**50,565.09**
9. Other Financial Assets			
Current			
Interest accrued and due	4.20		4.15
	4.20	**-**	**4.15**
10. Other Assets			
Non-Current			
Capital Advances	-	442.35	349.36
	-	**442.35**	**349.36**
Current			
Advances to subsidiary companies			
HMT Machine Tools Ltd	622.68	548.61	401.47
HMT Watches Ltd	-	43.35	2,403.87
HMT Chinar Watches Ltd	-	-	0.22
HMT Bearings Ltd	-	-	80.30
	622.68	**591.96**	**2,885.86**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Advances other than Capital Advances			
Advances recoverable in cash or in kind			
Secured			
Considered Good	0.49	0.48	0.47
Unsecured			
Considered Good #	1,496.09	2,074.03	1,736.53
Considered Doubtful	124.27	115.17	113.13
	1,620.85	**2,189.68**	**1,850.13**
Less: Allowance for Doubtful Advances	124.27	115.17	113.13
	1,496.58	**2,074.51**	**1,737.00**
Interest on Trade Receivable	5,945.92	5,950.92	5,970.24
Less: Allowance for interest on Trade Receivable	5,629.84	5,016.11	4,756.76
	316.08	**934.81**	**1,213.48**
Withholding of taxes and other tax receivables*	43.59	47.15	39.23
Deposits	119.59	126.79	121.20
	2,598.52	**3,775.22**	**5,996.77**
Total Other Assets	**2,598.52**	**4,217.57**	**6,346.13**

*primarily consists of TDS Receivables and Deposits with collector of Customs

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-17 Nos	Amount	As at 31-Mar-16 Nos	Amount	Nos	Amount
11 Share Capital						
Authorised Share Capital:						
Equity shares of Rs.10 each	*1,23,00,00,000*	*1,23,000.00*	*1,23,00,00,000*	*1,23,000.00*	*1,23,00,00,000*	*1,23,000.00*
		1,23,000.00		*1,23,000.00*		*1,23,000.00*
Issued, Subscribed & Paid up:						
Equity shares of Rs.10 each						
At the beginning of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16
Issued during the year						
Redeemed during the year					-	-
At the end of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16

Additional Information:

1 *Equity Shares:*

i) The Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Pursuant to the letter No I-0501/8/2015-PE-X dated 04th November, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises and pursuant to section 66 and other applicable provisions of the Companies Act 2013, if any, the shareholders of the Company in its Annual General Meeting dated 19th December, 2016 has approved for Reduction of share capital of the Company from Rs.1,204.09 Crore equity shares to Rs.355.60 Crore equity shares by passing a special resolution. The Company is taking necessary steps to file the documents with National Company Law Tribunal (NCLT).

2 **Details of shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage	No of shares	Percentage
Equity Shares:						
Honourable President of India	1,12,80,56,626	93.69%	1,12,80,56,626	93.69%	1,12,80,56,626	93.69%

3 **Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	3,18,85,900	-	3,18,85,900	-	3,18,85,900	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
12. Other Equity			
i) General Reserve:			
As per last Balance Sheet	13,453.11	13,453.11	13,453.11
ii) Retained Earnings:			
As per last Balance Sheet	(97,896.69)	(96,182.52)	(95,828.07)
Adjustments:			
Prior period adjustments			1.19
Reclassification of of acturial gain/losses on defined benefit plans			(355.64)
Fairvalue of Government of India Loan	10,296.29		
Amount transferred from Statement of Profit & Loss	(23,949.20)	(1,714.17)	-
	(1,11,549.60)	(97,896.69)	(96,182.52)
iii) FVTOCI Reserve:			
As per last Balance Sheet	(2,132.42)	(2,117.82)	-
Adjutments:			
On implementation of Ind AS			
- Reclassification of of acturial gain/losses on defined benefit plans			(2,152.78)
- On account of fair value of Investments			34.96
Transferred from Statement of Profit & Loss	349.61	(14.60)	-
	(1,782.81)	(2,132.42)	(2,117.82)
Total	**(99,879.30)**	**(86,576.00)**	**(84,847.23)**
13. Borrowings			
Non-current			
Unsecured			
Loans from Government of India ("GOI")			
With free of interest (previous year @7% to 13.5%)			
Repayment in 1 to 5 equal annual installments from the date of drawal of loan	33,198.11	2,811.60	4,022.80
Total non-current borrowings	**33,198.11**	**2,811.60**	**4,022.80**
Current			
Secured			
Cash Credit	302.06	2,770.12	3,026.84
Unsecured			
Loans from Subsidiaries	430.00	846.00	430.00
Net current borrowings	**732.06**	**3,616.12**	**3,456.84**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Aggregate Secured loans	302.06	2,770.12	3,026.84
Aggregate Unsecured loans	33,628.11	3,657.60	4,452.80

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.

14. Preference Share Capital

Non-Current			
2,17,00,000 8% Redeemable Preference Shares of Rs.100/- each	-	-	21,700.00
Total	**-**	**-**	**21,700.00**

In accordance with the CCEA approval and DHI's directions thereon during January 2016, the entire 8% Redeemable Preference Shares of 21700000 nos. of Rs.100 each (Rs.21,700.00 lakhs) will be extinguished and set off against the Loans and advances to Subsidiaries provided by Holding Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

15. Provision for employee benefits

Non Current			
Gratuity	487.57	5211.52	5972.70
Earned Leave Encashment	501.91	2,075.81	1,981.54
Settlement Allowance	68.33	317.43	331.92
	1,057.81	**7,604.76**	**8,286.16**
Current			
Gratuity	201.29	1635.19	1835.47
Earned Leave Encashment	97.46	547.08	523.55
Settlement Allowance	9.49	33.87	78.52
Wage and Salary Revision (1992)	1,404.85	1,403.80	1,416.03
	1,713.09	**3,619.94**	**3,853.57**
Total	**2,770.90**	**11,224.70**	**12,139.73**

16. Trade payables

Dues to Micro, Small & Medium Enterprises	586.80	734.85	808.19
Dues to Others	1,030.74	1,143.32	1,188.49
Total	**1,617.54**	**1,878.17**	**1,996.68**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015

The details of amounts outstanding to Micro, Small and Medium Enterprises ("MSMED") based on information available with the Company is as under:

Principal amount due and remaining unpaid	586.80	734.85	808.19
Interest due on above and the unpaid interest	460.92	659.22	532.76
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-	0.69
Interest paid *	119.91		
Interest accrued and remaining unpaid at the end of the accounting year.	460.92	659.22	532.76

* includes amount reversed on account of final settlment made with MSMED vendors.

17. Other Financial Liabilities

Current maturities of long-term Debts	10,873.60	1,211.20	2,357.20
3.5% preference Share Capital (Defaulted)	3,686.00	3,686.00	44,300.00
Loan from Govt. of India (Defaulted)	-	3,179.20	822.00
Term Loans from Bank (Defaulted)	986.50	986.50	986.50
Interest accrued and due on borrowings			
Loans from Government of India	-	1,575.30	634.52
Loans from Bank - Dena Bank	1,862.02	1,714.05	1,566.08
Interest accrued but not due on borrowings			
Government of India Loan	-	281.08	233.32
Total	**17,408.12**	**12,633.33**	**50,899.62**

3.5% Preference Share Capital

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) will be extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed .

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
18. Other Liabilities			
Current			
Dues to subsidiary companies			
HMT Watches Ltd	222.57	-	-
HMT Chinar Watches Ltd	21.75	21.98	-
HMT (International) Ltd	33.85	23.48	17.08
HMT Bearings Ltd	166.87	141.44	-
Revenue received in advance	52.89	492.03	476.46
Sundry creditors- Dues	3,365.90	6,906.35	4,209.01
Other liabilities	12,486.01	12,267.57	6,459.30
Total	**16,349.84**	**19,852.85**	**11,161.85**

19. Provisions - others

	Warranty Claims	Provision for Contingencies	Total
At 1 April 2015	15.31	315.60	**330.91**
Arising during the year	14.62	48.68	**63.30**
Utilised	(15.31)	(5.61)	**(20.92)**
Unused amounts reversed	0.00	(85.48)	**(85.48)**
At 31 March 2016	**14.62**	**273.19**	**287.81**
Current	14.62	273.19	287.81
At 1 April 2016	14.62	273.19	**287.81**
Arising during the year	4.49	0.00	**4.49**
Utilised	(4.57)	(68.41)	**(72.98)**
Unused amounts reversed	(7.80)	0.00	**(7.80)**
At 31 March 2017	**6.74**	**204.78**	**211.52**
Current	6.74	204.78	211.52

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
20. Revenue from operations		
Sale of Products		
Food Processing Machinery	903.34	541.90
Accessories	109.20	158.25
	1012.54	**700.15**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	18.22	16.60
Packing / Forwarding charges	12.24	9.15
	30.46	**25.75**
Revenue from Operations	**1043.00**	**725.90**
21. Other income		
A. Other Income		
Recoveries from Staff/Others	108.30	83.76
Royalties from Subsidiaries	1.05	8.75
Rent Received	667.73	683.13
Provisions Withdrawn	4.19	8403.75
Other non operating Income	92.82	55.49
Total Other Income	**874.09**	**9234.88**
B. Interest Income		
Interest income on Bank Deposits	203.78	92.47
Interest received on HC loans from subsidiaries	8.76	1105.11
Interest from Dealers/Others	1.97	0.81
	214.51	**1198.39**
C. Dividend Income		
Dividend received from subsidiaries	14.40	14.40
	14.40	14.40
Total Other Income	**1103.00**	**10447.67**
22. Cost of Raw Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	74.07	61.72
Add: Purchases	249.26	220.93
	323.33	282.65
Less: inventory at the end of the year	79.72	74.07
Cost of raw material and components consumed	243.61	208.58
Consumption of Stores, Spares, Tools & Packing Materials	23.37	37.04
Total raw materials and components consumed	**266.98**	**245.62**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Particulars of Materials Consumed		
Steel	44.7	97.97
Non-ferrous Metals	7.66	1.46
Ferrous Castings	7.62	1.40
Non-ferrous Castings	2.64	2.13
Forgings	10.93	7.65
Standard parts & components	170.05	97.97
Total	**243.60**	**208.58**
23. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	65.95	50.40
Less: inventory at the end of the year	7.28	65.95
Changes in Inventory	58.67	(15.55)
Work in Progress		
Inventory at the beginning of the year	125.98	83.42
Less: inventory at the end of the year	177.15	125.98
Changes in Inventory	(51.17)	(42.56)
Total	**7.50**	**(58.11)**
24. Changes in Excise Duty on Finished Goods		
Inventory at the beginning of the year	3.39	6.30
Less: inventory at the end of the year	0.91	3.39
	2.48	**2.91**
25. Employee benefits expense		
Salaries,Wages and Bonus	787.13	829.36
House Rent Allowance	25.81	30.94
Gratuity	62.93	75.67
Contribution to PF & FPS	82.22	87.34
Deposit Linked Insurance	5.37	4.46
Contribution to ESI	0.07	0.11
Welfare Expenses	62.51	77.86
	1026.04	**1105.74**
26. Depreciation and amortization		
Depreciation of tangible assets	31.57	26.79
	31.57	**26.79**
27. Finance costs		
Interest Expense		
Government of India Loans	-	48.03
Cash Credit loans from Banks	47.50	31.83
Loans from Bank	147.98	147.98

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Inter Corporate Loan	43.00	43.00
Others	40.70	21.08
Other Borrowing Cost		
Finance Charges	4.89	3.83
Discounting Charges	3.85	1.72
Total finance costs	**287.92**	**297.47**
28. Other expenses		
Manufacturing Expenses		
Power and Fuel	18.53	17.80
Excise Duty	0.00	0.73
Repairs to machinery	3.88	1.69
Provision for Non Moving Inventories	8.66	-
Selling & Distribution Expenses		
Advertisement and Publicity	8.72	11.81
Carriage outwards	9.56	3.55
Establishment Expenses		
Rent	8.73	7.52
Rates and Taxes	139.65	115.87
Insurance	2.06	1.50
Water and Electricity	192.71	199.62
Repairs to building	5.72	4.38
Printing and Stationery	10.87	12.05
Auditors Remuneration #	2.54	2.63
Provision of loss in value of Equity	4395.87	-
Provision for Doubtful Debts,Loans and Advances	9.64	132.54
Warranty claims	3.93	4.96
Loss on sale of property, Plant and Equipment	-	0.01
Loss sustained by PF Trust	38.48	-
Travelling Expenses	26.35	23.80
Other Expenses	419.89	326.48
Less: Recovery of Common Expenses from Subsidiary Companies	(264.08)	(396.84)
	5041.71	**470.10**
# As auditor	1.90	1.90
For taxation matters	0.09	0.09
For other services	0.15	0.22
Reimbursement of expenses	0.33	0.31
Service tax	0.07	0.11
	2.54	**2.63**
29. Exceptional Items		
Waiver of GOI Loans	(438.00)	-
Waiver of Ineterst on GOI Loans	(93.05)	-
	(531.05)	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-03-2017	As at 31-03-2016
30 Contingent Liabilities		
Claims against the company not acknowledged as debt:		
a) Tax related claims pending in appeal		
i) Excise Duty	2.48	2.48
ii) Sales Tax	115.59	151.22
b) Non receipt of related Forms against levy of concessional Sales Tax	582.97	528.11
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	12.65	10.04
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	201.96	240.26
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	39.87
f) The Company had deposited Rs.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 Rs. 2.69 Lakhs as debt.	13.31	13.31
g) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	70.23	89.34
h) 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

i) An amount of Rs.4.53 lakhs 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. Rs.3.02 lakhs has been deposited by the Company

31 Other Disclosures:

Government Of India ("GOI") had released a Plan Assistance of Rs. 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 (Rs. 100 lakhs) & Loan (Rs. 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 Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 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 Rs.10/- each (Rs.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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-03-2017	As at 31-03-2016

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.

32 Preference Share Capital:

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 Rs.44,300 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.

33 Advances:	**31-03-2017**	**31-03-2016**
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	0.10	0.11
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	900.40	907.75
	900.50	**907.86**

34 Transactions with Key Managerial Personnel

Compensation of key management personnel of the Company		
i) Short-term employee benefits	16.28	-
ii) Post - employment benefits	3.35	
iii) Other long term benefits	1.76	-
Total compensation paid to key management personnel	**21.39**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

35A Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

(Rs. in lakhs)

	Carrying Amount			Fair Value		
	31 Mar 2017	**31 Mar 2016**	**01 Apr 2015**	**31 Mar 2017**	**31 Mar 2016**	**01 Apr 2015**
Financial assets						
Loans	154.78	146.02	50,565.09	154.78	146.02	50,565.09
FVTOCI financial investments	16.08	16.08	16.08	51.39	51.39	51.04
Total	**170.86**	**162.10**	**50,581.17**	**206.17**	**197.41**	**50,616.13**
Financial liabilities						
Borrowings	-	2,811.60	4,022.80	-	2,811.60	4,022.80
Interest Free Government of India Loan	54,368.00			33,198.11		
Loan from Subsidiaries	430.00	846.00	430.00	430.00	846.00	430.00
Total	**54,798.00**	**3,657.60**	**4,452.80**	**33,628.11**	**3,657.60**	**4,452.80**

The Company has assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The Company has also assessed that the Government of India ("GOI") loan excluding interest free GOI loan approximate their carrying amounts as transaction costs are not levied

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest

The Company has not discounted the redeemable preference shares as 8% redeemable preference shares have been redeemed and 3.5% preference shares is matured and the Company has defaulted, hence in our opinon no fair valution need to be made for the same.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017

35B Fair value Hirarchy

			Fair value measurement using			
			Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
	Date of valuation	valuation technique	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Ltd	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-16	NAV	51.39			51.39
Assets for which fair values are disclosed						
Investment properties						
Land	31-Mar-17		2,24,991.08			2,24,991.08
Financial Liability						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-17	8% Effective Rate of Interest used	33,198.11			33,198.11

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016

Fair value Hirarchy

			Fair value measurement using			
			Total	Significant observable Inputs (Level 1)	(Level 2)	Significant unobservable Inputs (Level 3)
	Date of valuation	valuation technique	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Ltd	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-15	NAV	51.39			51.39

Quantitative disclosures fair value measurement hierarchy for assets as at 31 April 2015

Fair value Hirarchy

			Fair value measurement using			
			Total	**Quoted prices in active markets (Level 1)**	**Significant observable Inputs (Level 2)**	**Significant unobservable Inputs (Level 3)**
	Date of valuation	**valuation technique**	**INR Lacs**	**INR Lacs**	**INR Lacs**	**INR Lacs**
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Ltd	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-14	NAV	51.04			51.04

When the fair values of financial assets recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques used by a valuation expert

A) the Company has relied on the share valuation report given by a certified valuer for valuing the shares of Andhra Pradesh Gas Power Corporation Ltd. The valuer was unable to follow the market/cost/income approach as the information was not available. The valuer concluded that Net Asset Value (book value_ Method is the most suitable method to calculate the Fair Value.

B) Nigeria Machine Tools ltd is a company incorporated outside India, the valuer was unable to retrive any information from the company as it is a foreign company. It is more appropriate to conclude that the Fair Value of these shares as NIL

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-03-2017	As at 31-03-2016
36. Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	(1,805.37)	9,036.75
Discontinued operation	(21,794.22)	(10,765.52)
Total Profit including OCI	**(23,599.59)**	**(1,728.77)**
Less Other Comprehesive income	349.61	(14.60)
Profit attributable to equity holders for basic earnings	**(23,949.20)**	**(1,714.17)**
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**(23,949.20)**	**(1,714.17)**
Weighted average number of Equity shares for basic EPS*	1,20,40,91,640	1,20,40,91,640
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**1,20,40,91,640**	**1,20,40,91,640**

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016

37 Discontinued Operations

As per the CCEA Approval on 27/10/2016 it was decided that the operations of Tractors Division has to be closed. Accordingly, operations of the said division is closed during the year. It has been planned that the Company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly the Company has classified as Investment Properties.

The results of Tractors Division for the year are presented below:

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Revenue		
Revenue from Operations	1,311.53	3,922.49
Other income	1,562.67	633.47
Expenses		
Material Consumption and changes in inventory	980.29	2,870.34
Employee Benefit Expenses	4,031.08	7,981.80
Depreciation	245.15	287.71
Other Expenses	2,867.48	1,981.82
Finance costs	2,242.03	2,235.22
Re-measurement gains (losses) on defined benefit plans	(5,698.84)	(35.41)
Profit/(loss)before exceptional items and tax from a discontinued operation	**(1,792.99)**	**(10,765.52)**
Exceptional items	(20,001.23)	
Profit/(loss) before tax from a discontinued operation	**(21,794.22)**	**(10,765.52)**
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)		
Related to measurement to fair value less costs of disposal (deferred tax)		
Profit/(loss) for the year from a discontinued operation	**(21,794.22)**	**(10,765.52)**

The classification of Non Current Assets of Tractors Division are as follows

	31-Mar-17	31-Mar-16
Assets		
Property, plant and equipment	1,044.61	1,595.28
Investment Property	298.81	-
Non Current Assets Held for Sale	11.41	-
Total Non Current Assets	**1,354.83**	**1,595.28**

The net cash flows incurred by Tractors Division are, as follows:

Operating	(42,872.94)	932.24
Investing	12.27	(32.31)
Financing	49,145.47	(1,124.37)
Net cash (outflow)/inflow	**6,284.80**	**(224.44)**

Earnings per share:	**31-Mar-17**	**31-Mar-16**
Basic, profit/(loss) for the year from discontinued operation	(1.81)	(0.89)
Diluted, profit/(loss) for the year from discontinued operation	(1.81)	(0.89)

38 As per Indian Accounting Standard - 19 "Employee Benefits", the disclosures as defined are given below:

i) Defined Contribution Plan:

(Rs. In Lakhs)

Particluars	Year Ended 31 March 2017	Year Ended 31 March 2016
Employer's Contribution to Pension Fund	29.17	33.75

ii) Defined Benefit Plans:

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans. The Company has not obtained the acturial valuation report from the independent actuary for Provident fund.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	31-Mar-17	31-Mar-16	01-Apr-15
	%	%	%
Discount rate:			
Gratuity plan	7.50	8.00	8.00
Settlement Allowance	7.50	8.00	8.00
Future salary increases:			
Gratuity plan	7.00	7.00	7.00
Settlement Allowance	8.00	8.00	8.00

Summary of Demographic Assumptions	Gratuity Plan			Settlement Allowance		
	31 Mar 2017	31 Mar 2016	01 Apr 2015	31 Mar 2017	31 Mar 2016	01 Apr 2015
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%	5%	5%
Attrition Rate						
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	7.59	5.35	5.51	7.54	5.9	5.46

38 Employee Benefits (Contd.) :

A Employee Benefit Obligations

The cost of the defined benefit gratuity plan and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due o the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

1 Gratuity

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(7,632.13)	(32.31)	(574.48)	(606.79)	902.17			(37.98)	5,845.80	5,807.82		(1,528.93)
Fair Value of plan assets	785.42		58.87	58.87	(902.17)	(3.22)				(3.22)	901.17	840.07
Benefit Liability	**(6,846.71)**			**(547.92)**	**0.00**					**5,804.60**	**901.17**	**(688.86)**

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(8,537.44)	(151.17)	(616.78)	(768.56)	1,655.36				18.51	18.51		(7,632.13)
Fair Value of plan assets	729.27		58.34	58.34	(1,655.36)	(2.19)				(2.19)	1,655.36	785.42
Benefit Liability	**(7,808.17)**			**(710.22)**	**0.00**					**16.32**	**1,655.36**	**(6,846.71)**

2 Settlement Allowance :

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(351.30)		(25.88)	(25.88)	55.50			(2.05)	245.91	243.86		(77.82)
Fair Value of plan assets												
Benefit Liability	**(351.30)**			**(25.88)**	**55.50**					**243.86**	**0.00**	**(77.82)**

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(410.44)		(29.46)	(29.46)	84.47				4.14	4.14		(351.30)
Fair Value of plan assets												
Benefit Liability	**(410.44)**			**(29.46)**	**84.47**					**4.14**	**0.00**	**(351.30)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

38 Employee Benefits (Contd.):

B Sensitivity analysis:

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and fully salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumptions by 100 basis points:

(i) Gratuity

(Rs. in lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	1,609.86	1,454.51	7,924.69	7,360.18
Change in rate of salary increase	1,480.48	1,565.37	7,442.68	7,786.93
Change in withdrawal rates	1,521.57	1,535.76	7,601.39	7,661.09

(ii) Settlement Allowance

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	73.81	82.22	367.43	336.35
Change in rate of salary increase	73.40	82.58	335.90	367.59
Change in withdrawal rates	82.62	73.45	369.11	334.70

C. The expected contributions for gratuity for the next financial year will be Rs.344.43 lakhs and Settlement allowance will be Rs.38.91 lakhs.

39 The Company had announced Voluntary Retirement Scheme ("VRS") for the employees of Tractor Business Group, Pinjore during the year. The Company has paid an amount of Rs.28,528.57 lakhs which has been disclosed as under exceptional items in discontinued operations.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

40 FIRST TIME ADOPTION OF IND AS:

These financial statements, for the year ended 31 March 2017, are the first, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(i) Exemptions availed:

a) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

   Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

b) Ind AS 27 requires investments in subsidiaries to be recorded at cost or in accordance with Ind AS 109 in its separate financial statements. However, Ind AS 101 provides an option to measure that investment at one of the following amounts in case the Company decides to measure such investment at cost:

   i. Cost as per Ind AS 27 or

   ii. Deemed cost, which is:

      a. fair value at the entity's date of transition to Ind AS

      b. previous GAAP carrying amount at that date

      The Company has elected to measure its investments in subsidiaries using deemed cost at the previous GAAP carrying amount at the date of transition to Ind AS.

(ii) Exceptions applied:

a) Ind AS 101 requires an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS to be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

   The Company's estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

   Impairment of financial assets based on expected credit loss model.

b) Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

   The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In Lakhs)

		As at 31 - Mar - 2016			As at 31 - Mar - 2015		
	Footnote	Indian GAAP	Adjustments	IND AS	Indian GAAP	Adjustments	IND AS
41A. Reconcillation of Balance Sheet							
ASSETS							
Non-current assets							
Property, plant and equipment	3,5	2,166.59	57.85	2,224.44	2,395.96	80.33	2,476.29
Capital work in progress		4.30	-	4.30	4.30	-	4.30
Investment Property	4		0.85	0.85		0.85	0.85
Financial assets							
Investments	1	76,389.86	35.31	76,425.17	76,389.86	34.96	76,424.82
Other Assets		442.35	-	442.35	349.36	-	349.36
		79,003.10	**94.01**	**79,097.11**	**79,139.48**	**116.14**	**79,255.62**
Current assets							
Inventories		2,522.20	-	2,522.20	3,421.45	-	3,421.45
Financial assets							
Trade Receivables		1,542.54	-	1,542.54	2,090.30	-	2,090.30
Cash and cash equivalents		916.10	-	916.10	1,798.43	-	1,798.43
Loans		146.02	-	146.02	50,565.09	-	50,565.09
Other financial asset	10			-	-	4.15	4.15
Other Assets	3	3,833.91	(58.69)	3,775.22	6,082.10	(85.33)	5,996.77
		8,960.77	**-58.69**	**8,902.08**	**63,957.37**	**-81.18**	**63,876.19**
TOTAL ASSETS		**87,963.87**	**35.32**	**87,999.19**	**1,43,096.85**	**34.96**	**1,43,131.81**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In Lakhs)

	Footnote	As at 31 - Mar - 2016			As at 31 - Mar - 2015		
		Indian GAAP	Adjustments	IND AS	Indian GAAP	Adjustments	IND AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,20,409.16	-	1,20,409.16	1,20,409.16	-	1,20,409.16
Preference Share Capital	6	3,686.00	(3,686.00)	-	66,000.00	(66,000.00)	-
Other equity		(84,849.24)	(1,726.76)	(86,576.00)	(82,374.96)	(2,472.27)	(84,847.23)
Total equity		**39,245.92**	**(5,412.76)**	**33,833.16**	**1,04,034.20**	**(68,472.27)**	**35,561.93**
Non-current liabilities							
Financial liabilities							
Borrowings	10	6,977.30	(4,165.70)	2,811.60	5,831.30	(1,808.50)	4,022.80
Preference Share Capital	6		-	-		21,700.00	21,700.00
Provisions							
Provision for Employee Benefits	2	6,191.54	1,413.22	7,604.76	6,317.52	1,968.64	8,286.16
		13,168.84	**(2,752.48)**	**10,416.36**	**12,148.82**	**21,860.14**	**34,008.96**
Current liabilities							
Financial liabilities							
Borrowings		3,616.12	-	3,616.12	3,456.84	-	3,456.84
Trade payables		1,878.17	-	1,878.17	1,996.68	-	1,996.68
Other financial liabilities	10		12,633.33	12,633.33		50,899.62	50,899.62
Other Current Liabilities	10	24,634.49	(4,781.64)	19,852.85	15,954.15	(4,792.30)	11,161.85
Provisions							
Provision for Employee Benefits	2	3,271.07	348.87	3,619.94	3,313.80	539.77	3,853.57
Others	10	287.81	-	287.81	330.91	-	330.91
Current Tax Liabilities (Net)		1,861.45	-	1,861.45	1,861.45	-	1,861.45
		35,549.11	**8,200.56**	**43,749.67**	**26,913.83**	**46,647.09**	**73,560.92**
Total liabilities		**48,717.95**	**5,448.08**	**54,166.03**	**39,062.65**	**68,507.23**	**1,07,569.88**
TOTAL EQUITY AND LIABILITIES		**87,963.87**	**35.32**	**87,999.19**	**1,43,096.85**	**34.96**	**1,43,131.81**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Foot note	For the year ended 31 Mar 2016		
		Indian GAAP	Adjustments	IND AS
41B. Reconciliation of Statement of Profit and Loss				
CONTINUING OPERATIONS				
Sale of goods (including excise duty)	7	3,941.76	99.64	4,041.40
Rendering of services	10	601.51	5.48	606.99
Revenue from operations		**4,543.27**	**105.12**	**4,648.39**
Other income	10	11,086.62	(5.48)	11,081.14
Total Income		**15,629.89**	**99.64**	**15,729.53**
EXPENSES				
Cost of raw materials consumed	10	1,928.08	159.70	2,087.78
Purchase of Stock In Trade		185.20	-	185.20
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	10	719.84	(3.36)	716.48
Excise duty on goods sold during the year	7	-	99.64	99.64
Excise duty on increase/ (decrease) in inventory	10	-	3.36	3.36
Employee benefits expense	2	9,813.42	(725.87)	9,087.55
Depreciation and amortization expense	5	257.06	57.44	314.50
Finance costs	10	2,532.69	0.00	2,532.69
Other expenses	10	2,704.03	(217.15)	2,486.88
Less: Jobs Done for Internal Use		(34.96)	0.00	(34.96)
Total expense		**18,105.36**	**(626.24)**	**17,479.12**
Profit/(loss)before exceptional items and tax from continuing operations		**(2,475.47)**	**725.88**	**(1,749.59)**
Prior Perdiod Adjustment	9	1.19	(1.19)	-
Exceptional items				
Profit/(loss)before and tax from continuing operations		**(2,474.28)**	**724.69**	**(1,749.59)**
(1) Current tax				
(2) Deferred tax				
(3) Adjustment of tax relating to earlier periods				
Profit for the year from continuing operations		**(2,474.28)**	**724.69**	**(1,749.59)**
OTHER COMPREHENSIVE INCOME				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains (losses) on defined benefit plans	2	-	20.46	20.46
Net (loss)/gain on FVTOCI equity Securities	8	-	0.35	0.35
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**20.82**	**20.82**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(2,474.28)**	**745.51**	**(1,728.77)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1. FVTOCI financial assets

Under Indian GAAP, the Company accounted for long term investments (other than investments in subsidiaries and Join Venture) in unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in Equity Instruments through other comprehensive income

2 Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit or loss. Under Ind-AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 725.87 Lakhs due to IND AS-19 and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

3 Property, Plant and Equipment (PPE)

Under Indian GAAP the Company has recognised Special Tools as Other Current Assets. Under IND As, the Company recoginses it as PPE as per the definition and depreciate the same.

4 Investment Proeprty

Under Indian GAAP Investments properties were recognised as part of PPE as there was no sepcific standard in this regard. Under IND AS scenario, separate standard for Investment Properties, accordingly, the Company has reclassified certain assets to Investment properties.

5 Depreciation of property, plant and equipment

Under Indian GAAP the company has recognised depreciation of Special Tools as Amortisation under Other Expenses. Under IND AS the Company has to recognises and depreciate it as PPE based on useful life as disclosed in the Significant Accounting Policy.

6 Preference shares

Under Indian GAAP Preference Share Capital whether convertible or not it was considered as part of Equity. Under IND AS, Redeemable Preference Shares are recognised as Financial Liability in accordance with IND AS.

7 Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

8 Other comprehensive income

Under Indian GAAP, the Company need not presented Other Comprehensive Income (OCI) separately. As per IND AS, the Company need to disclose remeasurement gains/losses seperately in Other Comprenhensive Income (OCI). Accordingly the Company has disclosed in OCI.

9 Prior Period Items

Under Indian GAAP the company has accounted Prior Period Item in the reporting periods Statement of Profit and Loss. Under IND AS, Prior Period Items are adjusted against the opening balance of Retained Earnings.

10 Others

The reconciliation between Indian GAAP and IND AS is only on account of classificational changes to comply with the IND AS and Schedule III, Division II of Companies Act, 2013.

42. 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
	HMT Watches Ltd, Bangalore (HWL)	
	HMT Chinar Watches Ltd, Jammu (CWL)	
	HMT (International) Ltd, Bangalore (HMT(I)	
	HMT Bearings Ltd, Hyderabad (BLH)	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. S Girish Kumar	Key Managerial Persons (KMP)
	Ms. Shashi B Srivastava (w.e.f. 01.07.2016)	
	Dr. Subhash Chandra Pandey (w.e.f 13.04.2016)	
	Dr. Ravindra Singh (w.e.f 02.02.2017)	
	Mr. Vishvajit Sahay	
	Mr. P Sivarami Reddy (Upto 30.06.2016)	

Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof:

(Rs. in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Machine Tools Ltd	31/03/2016	1,148.68	-	1,029.85	27.19	146.02
HMT Machine Tools Ltd	31/03/2017	146.02	-	-	8.76	154.78
HMT Watches Ltd	31/03/2016	49,416.41	3,474.20	53,836.00	945.39	-
HMT Watches Ltd	31/03/2017	-	-	-	-	-
HMT Chinar Watches Ltd	31/03/2016	8,265.82	-	8,398.00	132.18	-0.00
HMT Chinar Watches Ltd	31/03/2017	-	-	-	-	-
HMT Bearings Ltd	31/03/2016	-	80.00	80.00	-	-
HMT Bearings Ltd	31/03/2017	-	-	-	-	-

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	Transfer	Closing Balance
b) **Advances (Dr/ (Cr)**						
SUDMO HMT Process	31/03/2016	4.85	2.49	4.85		2.49
Engineers (India) Ltd	31/03/2017	2.49	2.25	-		4.74
HMT Machine Tools Ltd	31/03/2016	401.47	147.14	-		548.61
HMT Machine Tools Ltd	31/03/2017	548.61	74.07	-		622.68
HMT Watches Ltd	31/03/2016	2,403.87	1,113.68		3,474.20	43.35
HMT Watches Ltd	31/03/2017	43.35		265.92		(222.57)
HMT Chinar Watches Ltd	31/03/2016	0.22		22.20		(21.98)
HMT Chinar Watches Ltd	31/03/2017	(21.98)	0.23			(21.75)
HMT Bearings Ltd	31/03/2016	80.30		141.74	80.00	(141.44)
HMT Bearings Ltd	31/03/2017	(141.44)		25.43		(166.87)
HMT (International) Ltd	31/03/2016	(17.08)	-	6.40		(23.48)
HMT (International) Ltd	31/03/2017	(23.48)	-	10.37		(33.85)

c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4

The Company has not given any guarantee/security to the related parties.

(Rs. 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	-	1,113.86
	2016-17	8.76			1.05	-	9.81
Purchases							
	2015-16	-	-	-	13.62	-	13.62
	2016-17	-	-	-	-	-	-
General Expenses: (recovery of expenses)							
	2015-16	(303.17)	-38.81	-	-49.06	-5.80	-396.84
	2016-17	(206.56)	-8.15	-	-49.37	-	-264.08
Interest							
	2015-16	-	-	-	46.26	7.02	53.28
	2016-17	-	-	-	51.86	57.64	109.50

e) Transactions with Key Managerial Persons:

	Curret Year	Previous Year
Remuneration paid to Ms. Shashi B Srivastava	21.39	-
Directors sitting fees paid to Dr. Ravindra Singh	0.05	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

43 Disclosure on Specified Bank Notes

In terms of the notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, is disclosed below:

(Rs. in lakhs)

Particulars	SBN's *	Othes Denomination Notes	Total
Closing Cash in hand as on November 8, 2016	1.67	0.42	2.09
Add : Permitted Receipts #	0.55	18.15	18.7
Less : Permitted Payments		6.55	6.55
Less : Amount Deposited in Banks	2.22	10.73	12.95
Closing Cash in hand as on December 30, 2016	-	1.29	1.29

* For the purposed of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the Notifications of the Government of India, in the Ministry of Finance, Department of Economics Affairs No. S.O. 3417 (E), dated November 8,2016.

as reported by the branch auditors

44 SEGMENT REPORTING:

As per Ind AS - 108 "Operating Segment", segment information has been provided under the notes to consolidated financial statements.

45 The networth of the Company is substantially eroded. Considering the realisable valuee of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared the financial statements of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

46 The Company has defferred tax asset in the form of brought forward losses, in the absence of resonable certainity of future profits the Company has not recognised any deferred tax asset. Further, due to losses no disclosure has been furnished by the Company in respect of income taxes as per Ind AS - 12.

47 During the year, Tractor Business Group, Pinjore has received a letter from DHI, that the Government of India has waivd off a principal amount of Rs.6,764 lakhs along with the interest of Rs.1,763.34 lakhs, which has been included in the Other income of the discontinued operation reported in note 36 of the financial statements.

48 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.

49 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
HMT Limited

Report on the Ind AS Consolidated Financial Statements:

We have audited the accompanying Ind AS consolidated financial statements of HMT Limited ("the Holding Company"), its subsidiaries, associate and joint venture (collectively referred as "the Group") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Consolidated Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation of these Ind AS consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as " the Act") that give a true and fair view of the state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.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.

Auditor's Responsibility:

Our responsibility is to express an opinion on these Ind ASconsolidated 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS consolidatedfinancial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS consolidatedfinancial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS consolidatedfinancial 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 Company's Directors, as well as evaluating the overall presentation of the Ind AS consolidatedfinancial statements.

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

Basis of our Qualified Opinion:

1. **Food Processing Machinery Unit, Aurangabad of the Holding Company:**

   a) As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9) and 3) amounting to Rs. 285.58 lakhs, stock of raw material (including stock considered in WIP and FG are valued, based on the purchase order rates which are periodically updated in the inventory software. However, we observed many items, rates for which were not updated in the inventory software, thereby valuing the respective stock items as nil. These were later regularised manually based on the PO's available. Owing to the nature of the Company's records and in the absence of sufficient appropriate audit evidence, we are unable to ascertain if there is a departure from the weighted average cost method of valuation followed by the Company. We are also unable to ascertain its consequent impact, if any, on the Ind AS consolidated financial statements.

b) With regards to provision for non-moving inventory as stated in Note No.3) amounting to Rs.62.08 lakhs, the Company has relied on the report generated from the inventory software, however as discussed in the above paragraph, even in this report, the rates have not been updated against many stock items. Accordingly, the value of non-moving inventory is understated, consequently affecting the provision for non-moving inventory and thereby profit of the Company. The effects on the Ind AS consolidated financial statements is not ascertainable.

2. Tractor Business Group, Pinjore of the Holding Company:

a) The unit has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although Balances are subject to confirmation and reconciliation if any.

b) The amount outstanding Rs.132.24 lakhs with respect to provision for contingent liability for the interest payable on additional demand of CST demand. It is the case of statutory due pending for more than 6 months. The unit has availed the government scheme i.e., onetime settlement scheme during the year FY 17-18 by depositing the 10% of interest component amounting Rs. 13.22 lakhs.

c) As per Ind AS - 19 requirement, the unit has not obtained actuarial valuation with respect to provident fund.

3 Corporate Head Officeof the Holding Company:

a) The Holding Company contributes provident fund to its employees to a provident fund trust which is a defined benefit plan as specified in the Ind AS – 19 "Employee Benefits". MTL has not obtained the actuarial valuation from an independent actuary. Effect on the financial statements is not ascertained.

b) The Holding Company is in the process of obtaining the confirmation of balances from the parties with whom it has transactions. The effect on the revenue is not ascertained.

4 HMT Machine Tools Limited ("MTL"):

a) MTL contributes provident fund to its employees to a provident fund trust which is a defined benefit plan as specified in the Ind AS – 19 "Employee Benefits". MTL has not obtained the actuarial valuation from an independent actuary. Effect on the financial statements is not ascertained.

b) The Pinjore Unit of MTL has not written off the material in transit amounting to Rs.76.57 lakhs which is lying in custom house as informed by the management since 1998-99 to 2001-02. However, the unit has made the provision against the same of Rs.76.57 Lakhs. The unit has not obtained any confirmation from customs department whether material is lying in custom house or not. Therefore, there is no certainty that material will come to unit and accordingly, this material in transit should be write off and provision related to same also reversed back. Further, MTL has not made any provision for demurrages, interest and warehouse rent on the material in transit without any communication from customs department. Total Liability against the above material in transit lying in the books as on 31.3.2017 is of Rs.109.08 lakhs for demurrages, interest and warehouse rent. The above expenses and provision should also be reversed.

c) MTL has not made any provision for interest liability on the unpaid gratuity and provident fund amount to its retired employees, the impact cannot be quantified due to non-availability of required information.

d) During the year a portion of the land used for "Roads" measuring approx. 4.25 acres have been acquired by Bruhat Bangalore Mahanagara Palika ("BBMP"). As per the court direction land compensation of Rs.18 crores has been fixed for the land @ 1.65 times the guidance value of land (fixed by the Government of Karnataka) at Rs.2.7 crores per acre. During the year BBMP has paid adhoc land compensation deposit of Rs.12 crores pending joint measurement and issue of correct dimension report (CDR). Since the land is not transferred to BBMP following procedure, the said land measuring 4.25 acres is continued to be shown as fixed assets, even though BBMP has taken over the possession of said land.

5. HMT International Limited ("HMTIL"):

HMTIL contributes provident fund to its employees to a provident fund trust which is a defined benefit plan as specified in the Ind AS – 19 "Employee Benefits". MTL has not obtained the actuarial valuation from an independent actuary. Effect on the financial statements is not ascertained.

6. HMT Watches Limited ("HWL")

i) Disagreement on Accounting Policies inappropriate Disclosure:

a) Going Concern Concept:

- The Board of Directors of HWL in their 72nd board meeting held as on 18.01.2016 had decided to close down the HWL after getting the approval from cabinet committee of Economic Affairs.
- The accumulated losses of HWL as at the 31 March 2017 amounted to Rs.2,80,108.20 lakhs against which the paid up capital of HWL is Rs.649.01 lakhs and the losses has totally eroded the net worth of HWL.
- HWL has been incurring continues operating losses for the past many years.
- The total liabilities of HWL as at 31 March 2017 is Rs.2,87,179.94/- lakhs against which the Fixed and current assets of Rs.7,720.75 lakhs.
- The contingent liabilities disclosed in the financial statements as at 31 March 2017 are Rs. 4,169.15 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.
- Consequent to the decision of closing down HWL, it has sold all its Property Plant & Equipment ("PPE") other than the immovable properties and PPE of Ranibagh Unit. In respect of immovable property other than Ranibagh Unit, HWL is in the process of transferring the assets.

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 HWL 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) 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 the Act. The impact of the same on the net loss of HWL and also on carrying cost of tangible assets is not ascertainable.

d) The details of PPE with written down value of Rs.1 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.

e) HWL has not identified, measured, quantified and disclosed the impairment of assets and its impact on the financial statements in line with the IND AS 36.

f) Valuation of inventories not being in accordance with the IND AS 2 - Valuation of Inventories due to:

- During the year under review HWL had conducted physical verification of raw materials, work in progress and finished goods of all the divisions other than the Ranibagh Unit. However, we have not been provided any reconciliation statement of stock as per books and physical verification.
- In watch factory Ranibagh the work in progress is valued at cost instead of cost or NRV whichever is lower.
- 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 Group. Accordingly, we are unable to comment on adequacy of such provisions made in the books of accounts.
- No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 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 Rs. 67.12 lakhs.
- 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) 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 Rs.10 lakh whichever is higher.

h) Finance cost includes interest on delayed payment of statutory dues instead of disclosing the same distinctly.

i) HWL has not made provision for liability towards the interest payable under Micro, Small and Medium Enterprises Development Act, 2006, if any, in the books of accounts. The impact of non-provision for such interest on the financial statements of HWL and the Group is not ascertainable. In the absence of confirmation from vendors and non-availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.

j) In watch marketing division, no provision towards warranty for products sold was made in the accounts. This is contrary to IND AS-37.

ii) Disagreement with the Accounting Issues:

a) Other current liabilities include an amount of Rs.889.62 Lakhs relating to advances received against sale of land including buildings. HWL has executed an agreement to sell and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the respective head under PPE though there are no future economic benefits flowing to HWL or to the Group and the possession is already given to the buyer.

b) HWL 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

c) Fixed assets have been transferred from the Holding Company (HMT Ltd) to the company at the gross values, 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 Rs. 32.21 crores. Excess depreciation charged on such overstatement of gross block has not been quantified.

d) During the year, HWL had sold through MSTC all the PPE other than the land and building and PPE of Ranibagh unit. In the absence of the proper PPE register we are unable to comment on the material discrepancy if any on the sale of PPE.

e) 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.

f) Balances with banks in current account with scheduled banks relating to few of the show rooms amounting to Rs. 39.42 Lakhs and cash on hand amounting to Rs. 1.29 lakhs relating to Watch Marketing Division are disclosed as per books of accounts. However as per the bank statements of show rooms (other than Kolkata) the balance available is only Rs. 15.28 lakhs. We have not been provided proper explanation with regard to the cash balance of show rooms and deficiency in the bank balance and the same was not provided in the financial statements.

g) Service tax liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts.

h) 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 trade receivables made up to 31.03.2017 amounting to Rs. 4,236.98 Lakhs.

i) The details for interest on delayed payment 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.

j) No provision towards gratuity amounting to Rs. 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 Honorable High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent.

k) 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.

l) KVAT input credit as per books of Watch Factory, Tumkur is Rs.18.11 Lakhs whereas as per KVAT Form 100 it is NIL. No reconciliation has been carried out by HWL.

m) No provision has been made for liabilities aggregating Rs. 3,177.85 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 Rs. 3,177.85 lakhs and corresponding understatement of current liabilities to that extent.

n) In pursuant to distress warrant dated 23-12-2011 issued by BBMP for recovery of Rs.381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs.665.19 lakhs has been made towards such taxes and penalties as at the 31 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 HWL had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of HWL.

Effect on all the above matters is not ascertainable on the financial statements of the Group.

7. HMT Chinar Watches Limited ("CWL"):

a) The financial statements of CWL have been prepared on the basis of going concern assumption. However, as per the information & explanations furnished to us, the operations have been discontinued in an earlier year no provision has been made for possibility of claims and losses which CWL may face in future due to pending litigations against CWL. We are unable to express any independent opinion on the same.

b) CWL has not obtained confirmation of balances from certain banks, trade payables, trade receivables and the parties with whom it has transactions. The effect on the revenue is not ascertained.

8. HMT Bearings Limited ("HBL"):

a) Based on the directions of the Government of India, Ministry of Industry and Public Enterprises vide their letter dated January 13, 2016 directed HBL to close its operations. Accordingly, HBL has discontinued its operations during the year. However, the financial statements of HBL has been prepared on the going concern basis.

b) HBL has not made any provision towards expected credit losses on its trade receivables as contemplated in Ind AS 109.

c) HBL has not properly classified its trade receivables, current assets, loans and advances etc as current and non current.

d) HBL has not disclosed information as required by Micro, Small and Medium Enterprises Development Act, 2006.

Effect on all the above are not ascertainable

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us and based on the reports received from the other subsidiary auditors, except for the matters described in the "Basis of our Qualified Opinion" the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs (financial position) of the Company as at 31 March 2017, and its consolidated loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter:

Attention of the members is invited to note 52 of the consolidated Ind AS financial statements regarding reasons for preparing these consolidated Ind AS financial statements of the Company on going concern basis, notwithstanding the fact that the networth of the Group is completely eroded. The appropriateness of the said basis is interalia dependent on the Group's ability to realise from sale of non-current assets held for sale, support from Government of India and other business plans. We have also relied on the representation of the Holding Company in this respect.

Other Matters:

1. **Incoming auditor to audit comparative information for adjustments to transition to Ind AS:**

   The comparative financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules,2006 audited by the M/s Dokania S. Kumar & Co., Chartered Accountants whose report for the year ended March 31, 2016 and March 31, 2015 dated May 30, 2016 and July 7, 2015 respectively expressed an Qualified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on the transition to the Ind AS, to an extent identified and which have been audited by us.

2. We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs.46,287.22 lakhs as at 31 March 2017, total revenues of Rs.25,711.63 Lakhs and net cash out flows amounting to Rs.24,190.92 lakhs for the year ended on that date as considered in the consolidated Ind AS financial statements. The Financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the consolidated Ind AS financial statements, in so far as its relates to the amounts and disclosures included in respect of the subsidiaries and Joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint Venture company, is based solely on the report 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.

3. The holding company has not received financial statements of Gujarat State Machine Tools Limited for the year ended March 31, 2017, an associate. Based on the latest available financial statements net worth of the said associate has completely eroded. Accordingly, share of loss of the Group was Rs. Nil Lakhs (restricted to the value of the investments) has been considered for preparation of these Ind AS consolidated financial statements. Last available financial statements as received from the said associate has been considered for the purpose of preparation of these Ind AS consolidated financial statements.

4. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of profit of the Group was Rs. 0.33 Lakhs has been considered for preparation of these Ind AS consolidated financial statements.

In respect of Holding Company and its units:

5. The Holding Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in the charge Index of charges registered

with Registrar of Companies of its Index Number 80046855.

6. The Holding Company has made a provision for non-moving inventories amounting to Rs.553.82 lakhs based on the certificate furnished by the management and relied upon by the auditors of the respective units.

7 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 the Closing Balances of Last Year's Financial statements of CHO accounts except payment of Rs.183.68 lakhs towards due to Greater Hyderabad Municipal Corporation and Commercial Tax Officer, Hyderabad.

8 **In respect of Tractor Business Group, Pinjore, the branch auditor has commented the following:**

a) Balance in current maturities of VRS Loan from of India amounting to Rs.10,873.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management.

b) The Unit has made a provision of Rs.5,883.39 lakhs for allowance of trade receivables, the Unit auditors have relied based on the certificate furnished by the management.

c) During the year, the Unit has made a provision for contingencies amounting to Rs.204.77 lakhs, the Unit auditors have relied based on the certificate furnished by the management.

d) During the year the Unit has discontinued its operations and is in the process of making settlement for all its receivables and payables. The Company need to carry out proper review of following balances and take necessary action:

Particulars	Amount (Rs. In lakhs)	Remarks
Amount due to PWD	22.18	Due for more than 10 years
Modvat Recoverable of Hyderabad Division	7.26	Oustanding since 2005
Claim recoverable from Motokov Ltd	0.11	Outstanding since 1989 – 90
Customs Duty Deposit	0.22	Old balance
Bombay Port Trust	0.01	Old balance

9. **In respect of Food Processing Machinery Division, Aurangabad ("the Unit") the branch auditor has commented the following:**

a. Inventories of the unit has been valued by the Company and auditors have relied based on the certificate furnished by the unit amounting to Rs.285.58 lakhs.

b. Disclosure in respect of contingent liabilities has been furnished based on the information and representations received from the management.

10. **In respect of HWL the statutory auditor has reported the following:**

a. The accounting of sale of PPE, stores, spares and components made during the year was not verified by us, in the absence of the necessary information and confirmation from third party.

b. HWL has not complied the following disclosures as per Ind AS:

1. Fair Value of recognition of financial assets and liabilities.

2. Deferred Tax Liability
3. Provision for expected credit loss on Trade Receivables.

c. Information relating to materials, stock written off and increase or decrease in value of finished goods has not been provided to us for verification and therefore we are unable to comment on the disclosure of the same in the financial statement.

d. Tumkur Unit of HWL has remitted Rs. 48.10 lakh in cash to employees as a part of final settlements which is in contrary to the generally accepted practice of the Company.

e. The accounting of the Loan from Government of India is as per Holding Company's directions which are not verified by the said auditor, in the absence of detailed workings made available.

f. HWL has not constituted an Audit Committee as required under the provisions of Section 177 of the Act. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.

g. HWL does not have a qualified Company Secretary as required under the provisions of Section 203 of the Act.

Report on Other Legal & Regulatory Requirements:

1. As required by the section 143(3) of the Act, based on our audit and on the consideration of report of the auditors on the separate financial statements of a subsidiary companies and the joint venture of the Holding Company, we report to the extent applicable 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 purpose of our audit.

   b. Except for the possible effects of the matters described in the Basis for Qualified opinion paragraph and Other Matters paragraph, 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 Consolidated Balance Sheet, Consolidated statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in the Equity dealt with by this Report are in agreement with the books of account.

   d. The Company has not obtained the actuarial valuation report in respect of Provident Fund Trusts and other matters are referred in Basis of Qualified Opinion paragraph and Other Matter paragraph, accordingly, in our opinion, the aforesaid Indian Accounting Standards ("Ind AS") consolidated financial statements don't comply with the Ind AS specified under section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on the record by the Board of Directors, none of the directors are disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.

   f. 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 A***".

   g. With respect to other matters to be included in the Auditors 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) As per the audit reports of **Holding Company&other subsidiaries except for HMT Watches** have disclosed its pending litigations which would impact its financial position in note 34 of the Ind AS consolidated financial statements.

ii) The Holding Company, MTL, HWL and CWL did not have any long-term contracts as required under the applicable law or accounting standards, and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses. In respect of HMT Bearings Limited, the auditor has reported that except for the possible effects of the matter described in the Basis for Adverse Opinion paragraphs above, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, Joint Venture company incorporated in India.

iv) The Holding Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings Specified Banking Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note-50 of the Ind AS consolidated financial statements.

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

a) We give in the "***Annexure-B***", a statement on the compliance to Directions issued by the Comptroller and Audit General of India.

b) We have not received any statement on the compliance to specific sub directions issued by the Principle Director, Commercial Audit and Ex-Officio Member, Audit Board, Hyderabad for financial year 2016-17.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place: New Delhi
Date: August 29, 2017

ANNEXURE-A REFERRED TO IN PARAGRAPH 1 (f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS 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"):

We have audited the internal financial controls over financial reporting of HMT Limited ("the Holding Company"), its subsidiary companies and its Joint Venture, which are companies incorporated in Indiaas of March 31, 2017 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 respective Board of Directors 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". 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 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 ("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 (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 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 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 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: (Issued by us on Holding Company)

In case of Food Processing Machinery Unit, Aurangabad the branch auditor has reported in the following manner:

The Company did not have an appropriate internal control system for inventory with regard to inventory valuation, as the process of mutual updating the purchase rates in the inventory software are not adequately getting updated in the system. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

The Physical verification of assets was carried out for the FY 2015-16, however we could not find a reconciliation of such verification with the fixed assets register, thus an effective internal financial control may be evolved to ensure that there should not be any mismatch between the fixed asset register and physical assets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

The Company did not have adequate appropriate internal controls for reconciling and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result in a material weakness, in the financial reporting process of debtors and creditors.

The Company did not have appropriate internal controls for reconciliations and confirmations of earnest money deposits, security deposits and other deposits which could potentially result in a material weakness, in financial reporting process of current assets and current liabilities.

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 respect of Common Services Division, Bangalore:

The branch auditor has reported that, in all material aspects internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Institute of Chartered Accountants of India.

In respect of Corporate Head Officer, Bangalore and Tractor Division, Pinjore:

The system of internal financial controls over financial reporting with respect of Tractor Division, Pinjore and Corporate Head Office, Bangalore were not made available to us to enable us to determine if the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at 31 March 2017.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the Ind AS consolidated financial statements of the Company, and the disclaimer doesn't affect our opinion on the Ind AS consolidated financial statements of the Company.

Disclaimer of Opinion (Issued by Statutory auditors of HMT Bearings Limited):

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 by 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 Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

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.

Opinion (issued by statutory auditors of HMT Chinar Watches Limited):

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, 2017, 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 statutory auditors of HMT Machine Tools Limited):

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, 2017, 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.

Disclaimer of Opinion (issued by statutory auditors of HMT Watches Limited):

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017. The system of internal financial controls over financial reporting with regard to the Units of the Company have not been audited by the respective statutory auditors of the Units and we are unable to determine if the Units have established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a qualified opinion on the financial statements.

Opinion (issued by statutory auditors of HMT (International) Limited):

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, 2017, 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

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 5 subsidiary companies and 1 joint venture, incorporated in India, are based on the corresponding reportsof the auditor of such companies incorporated in India.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place: New Delhi
Date: August 29, 2017

ANNEXURE – B REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT DIRECTIONS INDICATING THE AREARS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE YEAR 2016 – 2017 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013

A. In respect of Holding Company:

Sl.No.	Directions	Audit Observation
1	If the Company has been selected for disinvestment, a complete statue 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 debts/loans/interest etc., if yes the reasons there for and the amount involved.	Based on the information and explanations furnished to us by the Company, there are no cases of waiver/ written off of loans interest etc. given by the Company. However, the Company has made a provision of Rs.40.85 lakhs for obsolescence for inventories, Rs.1,034.85 lakhs for trade receivables, Rs.9.1 lakhs for loans & advances and Rs.4,395.87 lakhs for investments.
3.	Whether the Proper records are maintained for inventories lying with the third parties & assets as gift from Govt. or other authorities	No inventories are maintained at CHO Level. Proper records have been maintained for the assets received from Govt. or other authorities. As per the report of branch auditors, proper records have been maintained for inventories lying with the third parties and assets received as gift from Govt. or other authorities.
4.	A report on age-wise analysis of pending legal/ arbitration cases including the reasons for 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 C-1'

Annexure 'C-1' to the Annexure 'C' of the Independent Auditor's Report

The Annexure referred to in Annexure 'C' to our Independent Auditor's Report to the members of the Company on the Ind AS standalone financial statements for the year ended 31 March 2017:

As per the Audit Report of Food Processing Machinery Unit:

Year of Lodgment	Case No.	No. of Cases	Reason for pendency
2002	56 / 02	1	As a result of legal process
2002	272 / 02	1	As a result of legal process
2010	115 / 10	1	As a result of legal process
2012	WP21063 / 2012	1	As a result of legal process
2012	306 / 2012	1	As a result of legal process
2016	103 / 2016CRA / 21763 / 2016	3	As a result of legal process

As per the Audit report of Tractor Division, Pinjore:

Year of lodgment	No. of Cases	Reasons for pendency
2016-17	33	Not provided by branch auditor
2015-16	5	Not provided by branch auditor
2014-15	8	Not provided by branch auditor
2013-14	24	Not provided by branch auditor
Prior to 2013-14	111	Not provided by branch auditor

As per the Audit report of Common Services Division:

Sl.No.	Case reference	Description of the case
1.	CS 4916/2004	Suit filed by IOC for recovery of Rs.27,72,804 from HMT Ltd
2.	No. 214/2006	No work to the Ex Auditorium employees. Hence they have filed petition u/s 33 of ID Act. Culminated in ref no. 214/2006
3.	MA 51/2013	Eviction proceedings challenged by the employee
4.	MA 50/2013	Eviction proceedings challenged by the employee
5.	2011	After closing HMT Co-operative Society, not handed over premises
6.	CA 387/2013	M/s NTR Khan Associates has filed case for revival of winding petition for violation of terms of joint memo
7.	WA 4152/09 arising out of WP No. 4166/08	GOK filed a written appeal High Court Judgment vide WP No. 4166 in which we challenged the retrospective amendment to MA Act and claimed refund of Rs. 1.18 crores
8.	WP No. 58755/13	The petitioner has challenged against, 1. Eviction order passed by estate office 2. To set aside city court order of 18.11.2013

9.	WP No. 56045 & 56046 of 2015	The petitioner have challenged a notice connected to eviction proceedings of two Ex-employees for Non- payment of rental dues
10.	OS No 5102 To 5117	Suit filed for permanent injunction against HMT and not to interfere peaceful position and enjoyment
11.	WP 38419 to 38428 & 46844	Challenging the O/o no 06 dtd 13.6.2016

In respect of Corporate Head Office:

Year/ Date of Lodgment	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.

A. In respect of subsidiaries.

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

HMT Machine Tools Limited	The title deeds of the immovable properties of the MTL is in the name of the Holding Company. In respect of Ajmer Unit, pending finalisation of the rates by the Government of Rajasthan, lease deed for the immovable property in favour of MTL is yet to be executed.
HMT Bearings Limited	No report furnished by the auditor
HMT Watches Limited	No report furnished by the auditor
HMT Chinar Watches Limited	No report furnished by the auditor
HMT International Limited	No adverse comments

2. Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons there for and involved:

HMT Machine Tools Limited	No adverse comments
HMT Bearings Limited	No report furnished by the auditor
HMT Watches Limited	No report furnished by the auditor
HMT Chinar Watches Limited	No report furnished by the auditor
HMT International Limited	No adverse comments

3. Whether the Proper records are maintained for inventories lying with the third parties & assets as gift from Govt. or other authorities

HMT Machine Tools Limited	No advance comments other than those reported in 1. above.
HMT Bearings Limited	No report furnished by the auditor
HMT Watches Limited	No report furnished by the auditor
HMT Chinar Watches Limited	The auditor has reported that inventory records are maintained on computer as well as manual but the same has not been updated properly.
HMT International Limited	No adverse comments.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017

1. **Background:**

HMT Limited ("the Company") is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company's shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Tractors, Food Processing Machineries etc.

2. **Significant Accounting Policies:**

i) Basis of preparation:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The standalone financial statements of the Company are prepared and presented in accordance with Ind AS.

For all periods, up to and including the year ended March 31, 2016, the Company had prepared and presented its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013 ("the Act"), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). The financial statements for the year ended March 31, 2017 are the first the Company has prepared and presented in accordance with Ind AS. Refer to note 48 for information on first time adoption of Ind AS from April 1, 2015 by the Company.

The financial statements have been prepared on the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii) Basis of Consolidation:

The consolidated financial statements of HMT Limited ("Parent Company"), subsidiary companies, associates and joint venture (collectively referred as "the Group") used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2017. The financial statement of the associate company has not received by the parent company and the net worth of the said associate is completely eroded.

iii) Principles of consolidation and equity accounting:

a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

c) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary

d) Non Controlling Interest's share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

e) Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.

g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

iv) *Summary of Significant Accounting Policies:*

a) Use of estimates:

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

b) Property, Plant & Equipment

Property, Plant and Equipment ("PPE") are stated at cost of acquisition or construction, net of vatable taxes, 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.

Expenditure in connection with the development of land is capitalised in the year in which the expense is incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

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.

The cost of an item of PPE shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) The cost of the item can be measured reliably.

   Items of PPE which is held for sale within 12 months from the end of reporting period is disclosed at lower of carrying cost or fair value less cost of sale

The carrying amount of an item of PPE is derecognised:

a) on disposal; or

b) Where no future economic benefits are expected from its use or disposal.

   The gain or loss arising from the de-recognition of an item of PPE shall be included in statement of profit or loss when the item is derecognised.

Special Tools:

Expenditure on manufactured and bought out special tools held for use in the production or supply of the goods or services and whose use is greater than one period is considered as an item of PPE and is depreciated over its useful life of 5 years.

c) **Borrowing Cost:**

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition of PPE which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

All other borrowing costs are expensed in the period in which they occur.

d) **Investment Property:**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciated building component of investment property as per the useful life prescribed in Schedule II of the Act.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

e) **Intangible Assets:**

i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

ii) 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.

iii) 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.

iv) *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.

f) **Depreciation and Amortisation:**

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

Each part of an item of PPE (also known as ‘Component’) with a cost that is significant in relation to the total cost of the item and has different useful life from that of the PPE it shall be depreciated separately.

Special Tools capitalised as PPE is depreciated over the period of five years and items those costing less than Rs.750 is depreciated in the year of acquisition/manufacture.

Amortisation methods and useful lives of intangible assets are reviewed periodically including at the end of each financial year.

g) Non-current assets held for distribution to owners and discontinued operations:

The Company classifies non-current assets as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required completing the sale/ distribution should indicate that it is unlikely that significant change to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Non-current Assets classified as held for sale/ distribution are presented separately in the balance sheet

h) Government Grants:

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expenses. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

i) Inventories:

Raw materials, stores, work in progress and finished goods are valued at the lower of cost and net realizable value. The cost of materials is ascertained by adopting Weighted Average Cost Method.

Cost of work in progress, finished goods and goods-in-transit comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead being allocated on the basis of normal operating capacity.

j) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

The Company collects the applicable taxes on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

i) Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company recognises the Sale of Goods based on:

1) 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.

2) In case of FOR destination contracts, "when the significant risk and reward of ownership get transferred to the buyer on physical delivery.

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

ii) *Rendering of services:*

Revenue from sale of services is recognised by reference to the stage of completion. Stage of completion is measured by services performed to date as a percentage of total services to be performed.

iii) *Rental Income:*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

iv) *Dividend Income:*

Dividend income is recognised when the Companies right to receive the payment is established, which is generally when shareholders approve the dividend.

v) *Interest Income:*

Interest income, including income arising from other financial instruments measured at amortised cost, is recognized using the effective interest rate method.

vi) *Warranty:*

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

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

vii) *Extended Warranties:*

When the company sells extended warranty, the revenue from sale of extended warranty is deferred and recognised over the period covered by the warranty. Where extended warranties are included in the price of the product and provide protection in excess of that provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

k) Foreign Currency Translation:

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

l) Retirement & Other 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 long-term employee benefit based on actuarial valuation.

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

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

The Company recognizes the net obligation of a defined benefit plan i.e. Gratuity and SA in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in Other Comprehensive Income are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company recognizes re-measurement gains and losses on defined benefit plans (net of tax) to retained earnings.

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

The amount of Rs.50,000/- 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 Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the yearend for Gratuity, ELE and SA is restated as per the actuarial valuation done at the year-end

Gratuity, ELE, SA and lump sum compensation paid to employees under Voluntary Retirement Scheme ("VRS") 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 VRS are fully written off in the year of disbursement.

m) Income taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i) *Current taxes:*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii) *Deferred Taxes:*

Deferred income tax assets and liabilities are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

n) Provisions:

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized in the statement of Profit and loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Impairment:

i) Financial assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

ii) *Non-financial assets:*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

p) Financial Instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i) Cash & cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of twelve months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) *Financial assets at amortised cost:*

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) *Financial assets at fair value through other comprehensive income:*

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

iv) *Financial assets at fair value through profit or loss:*

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

v) *Financial Liabilities:*

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

vi) *De-recognition of financial instruments:*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

vii) *Fair value of financial instruments:*

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

viii) Investment in subsidiaries, joint ventures and associates:

Investment in subsidiaries, joint ventures and associates is carried at cost.

v) Significant accounting judgements, estimations and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Judgements:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements

a Operating lease– Company as lessor:

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b Discontinued Operations:

As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches/ HMT Watches/ HMT Bearings Ltd operations were closed. Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105.

Further, As per the CCEA Approval in FY 2016-17 it was decided that the Tractors Divisions operations will be closed. According the Assets has been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

c Property, plant & equipment:

Building at Corporate Head Office, where the significant portion of the property is used as Company owner occupied property and certain portion has been leased out by the Company. The management doesn't have any intention to sell the building and the portion of building which has been leased is for a short period and accordingly, it has peed classified as PPE.

ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a Deferred Taxes

Deferred Tax Assets must be recognised to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilised. The company does not recognise Deferred Tax Asset since the company has unused tax losses and there is no convincing evidence about future taxable profit.

b *Defined Benefit Obligations:*

The cost of the defined benefit gratuity plan, provident fund and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

c *Other Long-Term Employee Benefits:*

Other Long-Term Employee Benefits like Earned Leave Encashment is determined through an actuarial valuation. The measurement of the long-term employee benefits is not subject to the same degree of uncertainty as the measurement of Defined Benefit Obligation. For this reason, the Re-measurement are not recognised in Other Comprehensive Income.

d *Fair value measurement of financial instruments:*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the NAV/NRV model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

vi) The consolidation of financial statement(CFS) present the consolidated accounts of HMT Limited with its following Subsidiaries, Associates and Joint Ventures:

			Proportion of Ownership	
Name of the Company	**Nature of relationship**	**Country of Incorporation**	**Current year**	**Previous year**
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT Bearings Limited	Subsidiary	India	99.36%	99.36%
HMT Chinar Watches Limited	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corp. Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Ltd.	Joint Venture	India	50%	50%

* * * * **

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
ASSETS				
Non-current assets				
Property, plant and equipment	3A	7,239.69	8,722.99	9,703.63
Capital work in progress	3A	128.89	133.19	1,299.26
Investment Property	3B	352.69	54.39	54.82
Intangible assets	3C	13.25	30.93	48.60
Intangible assets under development	3C	734.47	533.44	0.00
Financial assets				
Investments	4	114.74	114.41	113.42
Other Assets	9	5.70	448.05	358.98
		8,589.43	**10,037.40**	**11,578.71**
Current assets				
Inventories	5	14,372.15	17,592.45	18,157.84
Financial assets				
Trade Receivables	6	9,634.42	10,000.07	10,925.47
Cash and cash equivalents	7	24,561.09	36,046.47	12,403.42
Others Financial assets	8	1,458.13	724.31	374.16
Other Assets	9	7,223.81	8,362.58	8,589.72
		57,249.60	**72,725.88**	**50,450.61**
Non Current Assets Held for Sale	3D	699.54	848.47	-
		699.54	**848.47**	**-**
TOTAL ASSETS		**66,538.57**	**83,611.75**	**62,029.32**
EQUITY AND LIABILITIES				
Equity				
Share Capital	10	1,20,409.16	1,20,409.16	1,20,409.16
Other equity	11	(5,89,891.32)	(5,46,089.75)	(5,17,348.70)
Equity attributable to equity holders of the parent		**(4,69,482.16)**	**(4,25,680.59)**	**(3,96,939.54)**
Non-controlling interests		(78.03)	(75.75)	(70.21)
Total equity		**(4,69,560.19)**	**(4,25,756.34)**	**(3,97,009.75)**
Non-current liabilities				
Financial liabilities				
Borrowings	12	43,532.91	19,608.12	23,057.44
Preference Share Capital	13	-	-	21,700.00

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Provisions				
Provision for Employee Benefits	14	8,266.20	19,196.10	22,403.13
Deferred tax liability (net)		85.67	75.13	84.80
		51,884.78	**38,879.35**	**67,245.37**
Current liabilities				
Financial liabilities				
Borrowings	12	3,431.33	5,526.63	4,936.32
Trade payables	15	8,524.75	8,376.70	8,410.70
Other financial liabilities	16	4,06,103.26	3,79,021.63	3,14,242.92
Government Grant	13A	22.92	0.00	0.00
Other Current Liabilities	17	52,973.75	63,162.65	40,528.03
Provisions				
Provision for Employee Benefits	14	8,185.44	11,845.62	12,668.57
Others	18	4,967.60	652.33	9,034.05
Current Tax Liabilities (Net)		4.93	1,903.18	1,973.11
		4,84,213.98	**4,70,488.74**	**3,91,793.70**
Total liabilities		**5,36,098.76**	**5,09,368.09**	**4,59,039.07**
TOTAL EQUITY AND LIABILITIES		**66,538.57**	**83,611.75**	**62,029.32**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

For and on behalf of the Board of Directors of HMT Limited

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2017	Year Ended 31-03-2016
CONTINUING OPERATIONS			
Revenue from operations (including excise duty)	19	21,535.91	25,191.32
Other income	20	4,184.00	11,496.49
Total Income		**25,719.91**	**36,687.81**
EXPENSES			
Cost of raw materials consumed	21	8,096.13	9,213.77
Purchase of Stock In Trade	22	204.07	1,869.52
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	1,591.87	(1,024.39)
Excise duty on goods sold during the year		2,091.09	2,163.29
Excise duty on changes in inventories of finished goods	24	(98.07)	(78.30)
Employee benefits expense	25	14,450.08	16,055.52
Finance costs	27	5,590.89	4,839.26
Depreciation and amortization expense	26	1,055.28	1,005.42
Other expenses	28	10,157.43	5,530.61
Less: Internal Capitalisation		0.00	(110.40)
Less: Jobs Done for Internal Use	29	(97.04)	(111.75)
Total expense		**43,041.73**	**39,352.55**
Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations		**(17,321.82)**	**(2,664.74)**
Share of profit/(loss) of an associate and a joint venture	31	0.33	0.34
Profit/(loss)before exceptional items and tax from continuing operations		**(17,321.49)**	**(2,664.40)**
Exceptional items	30	531.05	0.00
Profit/(loss)before and tax from continuing operations		**(16,790.44)**	**(2,664.40)**
(1) Current tax	32	4.93	41.73
(2) Deferred tax	32	14.46	(9.52)
(3) Adjustment of tax relating to earlier periods		(1,861.45)	-
		(1,842.06)	32.21
Profit for the year from continuing operations		**(14,948.38)**	**(2,696.61)**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations	33	(39,454.99)	(25,153.31)
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**(39,454.99)**	**(25,153.31)**
Profit/(loss) for the year		**(54,403.37)**	**(27,849.92)**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2017	Year Ended 31-03-2016
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		302.25	(905.86)
Income tax effect		3.91	0.16
Revaluation of land and buildings		-	-
Net (loss)/gain on FVTOCI equity Securities		-	0.35
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**306.16**	**(905.35)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**306.16**	**(905.35)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(54,097.21)**	**(28,755.27)**
Profit/(loss) for the year			
Attributable to:			
Equity holders of the parent		(54,401.04)	(27,844.22)
Non-controlling interests		(2.33)	(5.70)
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		(54,094.93)	(28,749.73)
Non-controlling interests		(2.28)	(5.54)
Earnings per share for continuing operations			
- Basic, profit from continuing operations attributable to equity holders of the parent		**(1.24)**	**(0.22)**
- Diluted, profit from continuing operations attributable to equity holders of the parent		**(1.24)**	**(0.22)**
Earnings per share for discontinued operations			
- Basic, profit from continuing operations attributable to equity holders of the parent		**(3.28)**	**(2.09)**
- Diluted, profit from continuing operations attributable to equity holders of the parent		**(3.28)**	**(2.09)**
Earnings per share from continuing and discontinued operations			
- Basic, profit for the year attributable to equity holders of the parent		**(4.52)**	**(2.31)**
- Diluted, profit for the year attributable to equity holders of the parent		**(4.52)**	**(2.31)**

As per our Report of even date attached

For and on behalf of the Board of Directors of HMT Limited

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Operating activities		
Profit/(loss) before tax from continuing operations	(16,790.44)	(2,664.40)
Profit/(loss) before tax from discontinued operations	(39,454.99)	(25,153.31)
Profit before tax	**(56,245.43)**	**(27,817.71)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	1,256.32	1,336.38
Depreciation of investment properties	26.55	3.87
Amortisation of Intangible Assets	17.68	17.67
Provision of loss in value of Equity		
Adjustment in Depreciation passed to P/L		
Gain on disposal of property, plant and equipment	(84.93)	(27.53)
Loss on disposal of property, plant and equipment	60.18	
Finance income (including fair value change in financial instruments)	(548.61)	(476.37)
Finance costs (including fair value change in financial instruments)	5,590.89	4,839.26
Waiver of Government of India Loan	(531.05)	
Share of profit of an associate and a joint venture	(0.33)	(0.34)
Working capital adjustments:		
Movements in provisions, gratuity and government grants	(11,856.36)	(13,396.65)
Increase in trade and other receivables and prepayments	1,212.95	724.88
Decrease in inventories	3,220.30	565.39
Increase in trade and other payables	(10,040.85)	22,600.60
	(67,922.69)	(11,630.55)
Income tax paid/reversed	1,842.06	(32.21)
Net cash flows from operating activities	**(66,080.63)**	**(11,662.76)**
Investing activities		
Proceeds from sale of property, plant and equipment	197.17	68.03
Purchase of property, plant and equipment	(318.09)	(615.52)
Interest received	548.61	475.73
Receipt of government grants	22.92	
Net cash flows used in investing activities	**450.61**	**(71.76)**
Financing activities		
Interest Paid	(2,415.67)	469.13
Proceeds from borrowings	56,563.24	56,611.32
Repayment of borrowings		

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Redemption of preference Share Capital		(21,700.00)
Dividend Distribution Tax Paid	(2.93)	(2.88)
Net cash flows from/(used in) financing activities	**54,144.64**	**35,377.57**
Net increase in cash and cash equivalents	(11,485.38)	23,643.05
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	36,046.47	12,403.42
Cash and cash equivalents at year end	**24,561.09**	**36,046.47**

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7

2) The Cash and Cash equivalents has been considered as per Note No.7

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner
M.No. : 215398

Place : New Delhi
Date : 29-08-2017

For and on behalf of the Board of Directors of HMT Limited

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

A. Equity Share Capital

Equity shares of INR 1 each issued, subscribed and fully paid	No. of Shares	INR lacs
At 1 April 2015	**1,20,40,91,640**	**1,20,409.16**
Chnages in equity share capital during the year		
At 31 March 2016	**1,20,40,91,640**	**1,20,409.16**
Chnages in equity share capital during the year		
At 31 March 2017	**1,20,40,91,640**	**1,20,409.16**

B. Other Equity

(Rs. in lakhs)

	Reserves Surplus					Other Comprehensive Income				
	Capital Reserve	Retained earnings	General Reserve	FVTOCI Reserve	Equity component of Financial Liability	Equity Instruments through other comprehen-sive income	Other items of other Comprehe -nsive Income	Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2015	**2,270.82**	**(5,30,758.49)**	**16,580.97**	**36.33**	**-**	**-**	**(5,478.32)**	**(5,17,348.69)**	**(70.21)**	**(5,17,418.90)**
Discontinued operations		(25,147.77)						(25,147.77)	(5.54)	(25,153.31)
Dividend Distribution Tax		(2.88)						(2.88)	-	(2.88)
Transfer to Gerneral Reserve		(20.00)	20.00					-		-
Remeasurement of the net defined benefit liability/asset, net of tax effect							(905.70)	(905.70)		(905.70)
Total Comprehensive income for the year		(2,696.61)		0.35				(2,696.26)		(2,696.26)
At 31 March 2016	**2,270.82**	**(5,58,625.75)**	**16,600.97**	**36.68**	**-**	**-**	**(6,384.02)**	**(5,46,101.30)**	**(75.75)**	**(5,46,177.05)**
Changes in accounting policy or prior period errors		11.56						11.56		11.56
Balance as of 1st April 2016	2,270.82	(5,58,614.19)	16,600.97	36.68	-	-	(6,384.02)	(5,46,089.74)	(75.75)	(5,46,165.49)
Discontinued operations		(39,452.71)						(39,452.71)	(2.28)	(39,454.99)
Dividend Distribution Tax		(2.93)						(2.93)		(2.93)
Equity component of Financial Liability					10,296.29			10,296.29		10,296.29
Remeasurement of the net defined benefit liability/asset, net of tax effect							306.16	306.16		306.16
Total Comprehensive Income for the year		(14,948.38)				-		(14,948.38)		(14,948.38)
At 31 March 2017	**2,270.82**	**(6,13,018.21)**	**16,600.97**	**36.68**	**10,296.29**	**-**	**(6,077.86)**	**(5,89,891.31)**	**(78.03)**	**(5,89,969.34)**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : S200021
Chartered Accountants

(C R Deepak)
Partner, M.No. : 215398

Place : New Delhi
Date : 29-08-2017

For and on behalf of the Board of Directors of HMT Limited

S. Girish Kumar
Chairman and Managing Director
DIN 03385073

Shashi B. Srivatsava
Director, Finance
DIN 07582574

Kishor Kumar Shankar
Company Secretary

Bhaskara Gowdar
Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

3A. PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

	Land & Land Development	Buil- -dings	Plant and Machinery	Furniture Fittings & Office Appliances	Special Tools	Transport Vechicles	Land Lease- hold	Total
As at 1 April 2015	**629.29**	**6,596.97**	**61,402.34**	**1,604.68**	**1,280.39**	**212.99**	**26.25**	**71,752.91**
Additions	-	-	1,098.17	2.94	146.68	-	-	**1,247.79**
Disposals	-	-	(146.29)	(1.22)	-	(1.24)	(0.16)	**(148.91)**
Assets Held for Sale	(370.38)	(1,781.47)	(20,340.72)	(410.17)	(13.12)	(34.31)	-	**(22,950.17)**
At 31 March 2016	**258.91**	**4,815.50**	**42,013.50**	**1,196.23**	**1,413.95**	**177.44**	**26.09**	**49,901.62**
Additions	-	-	5.54	17.38	98.44	-	-	**121.36**
Transferred to Investment Property	(10.44)	(1,258.49)	-	-	-	-	-	**(1,268.93)**
Disposals	-	-	(945.76)	-	-	(2.58)	(0.16)	**(948.50)**
Assets Held for Sale	(11.41)	-	(41.80)	-	-	-	-	**(53.21)**
At 31 March 2017	**237.06**	**3,557.01**	**41,031.48**	**1,213.61**	**1,512.39**	**174.86**	**25.93**	**47,752.34**
As at 1 April 2015	**-**	**4,685.99**	**54,709.38**	**1,559.17**	**874.49**	**207.82**	**12.43**	**62,049.28**
Depreciation charge for the year	-	98.78	1,021.34	10.94	206.12	1.87	0.41	**1,339.46**
Disposals	-	(0.12)	(106.59)	(0.46)	-	(1.24)	-	**(108.41)**
Assets Held for Sale	-	(1,422.37)	(20,232.67)	(409.49)	(3.44)	(33.73)	-	**(22,101.70)**
At 31 March 2016	**-**	**3,362.28**	**35,391.46**	**1,160.16**	**1,077.17**	**174.72**	**12.84**	**41,178.63**
Depreciation charge for the year	-	50.16	1,026.35	10.47	168.29	0.73	0.24	**1,256.24**
Disposals/Adjust	-	-	(940.98)	6.51	-	(2.58)	-	**(937.05)**
Transferred to Investment Property	-	(943.99)	(41.18)	-	-	-	-	**(985.17)**
Assets Held for Sale	-	-	-	-	-	-	-	**-**
At 31 March 2017	**-**	**2,468.45**	**35,435.65**	**1,177.14**	**1,245.46**	**172.87**	**13.08**	**40,512.65**
Net book value								
At 31 March 2017	**237.06**	**1,088.56**	**5,595.83**	**36.47**	**266.93**	**1.99**	**12.85**	**7,239.69**
At 31 March 2016	258.91	1,453.22	6,622.04	36.07	58.69	2.72	13.25	8,722.99
At 1 April 2015	629.29	1,910.98	6,692.96	45.51	405.90	5.17	13.82	9,703.63

Net book value	**31-03-2017 Amount**	**31-03-2016 Amount**	**01-04-2015 Amount**
Plant Property and Equipment	7,239.69	8,722.99	9,703.63
Capital work in progress*	128.89	133.19	1,299.26

*Including Machinery in Transit as on 01.04.2015

Additional Information:

(a) Quantum of loss due to Impairment of Assets as per IND AS-36 - Nil

(b) Capital Work-in-Progress includes Machinery & Equipment which are in Transit and under Inspection or Erection.

Land:

(i) The Company is in possession of Gift land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 348.85 Acres and 227.30 Acres respectively, nominally valued at Rs. 1 each. The mutation of title deed of the land in the name of the Company is yet to be done.

(ii) 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.

iii) 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.

iv) HMT-MTL has leased out land admeasuring 2.71 acres 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 up to 31.07.2017 and 31.12.2018 respectively. Further an additional land of 1.6131 Ha. has been leased out up to 31.12.2018 for stackyard and fabrication purpose.

v) 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 A.P. against the Govt. of A.P. 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 coducted during the year 2004-05 by the Offcials of Survey and Settlment Department, Ranga Reddy Dist. in view of Suprement Court directives, it has come to the notice that approx. 39 acres of land is not in the actual possession of HMT-MTL, but HMT-MTL has paid for the entire 195.33 acres of land for the decree holders. Out of the above land, 6000 sq. mts. of land is allotted to APSEB for setting up 33KV Switching Station and 33/11 KV Electrical sub-station. The compensation payable by the APSEB has not yet been determined. GHMC issued a notice vide notice No. 41/86/ RW/TPS/GHMC/SC/2007 dated 01.12.2007 to take over 238.86sq. Yds of land for road widening programme undertaken by them out of the 3000 sq. yds available at kavadiguda, Secunderabad without any compensation. HMT-MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.

vi) Praga Tools Division has leased out a land admeasuring 64.62 acres to HMRL (Hyderabad Metro Rail Corporation) for a period of 3 years commencing from 1 September, 2012 to 31 August, 2015 for a temporary casting-cum-stacking yard. Further lease period has been extended upto 31 August, 2017.

Others:

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

(ii) Inrespect of HMT-MTL, Plant & Machinery includes 7 items of Fixed Assets identified as surplus and for disposal, the net block of which is Rs. 16,34,329/-.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

3B. INVESTMENT PROPERTY

Opening balance at 1 April 2015	**243.51**
Additions	-
Closing balance at 31 March 2016	**243.51**
Additions	1,268.93
Less: Non Current Assets Held for Sale	0.09
Closing balance at 31 March 2017	**1,512.35**
Depreciation and impairment	
Opening balance at 1 April 2015	**188.69**
Depreciation	0.43
Closing balance at 31 March 2016	**189.12**
Depreciation	26.55
Deduct/adjustment	943.99
Closing balance at 31 March 2017	**1,159.66**
Net Block	
at 31 March 2017	**352.69**
at 31 March 2016	54.39
at 01 April 2015	54.82

Additional Information:

i) The Company has classified certain land & building as investment property which is not a owner occupied property

ii) The Company has not obtained any fair valuation of the investment property from independent valuer. Hence, no disclosure in this respect has been furnished.

iii) Land:

(a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 822.67 acres (includes 446 acres as Assets held for Sale and is reclassified accordingly), 30 acres (includes 3 acres as Assets Held for sale and is reclassified accordingly) and 660.75 acres respectively, nominally valued at Rs. 1/- each. The mutation of title of land in the name of the Company is yet to be done.

(b) In respect of land 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 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) 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 Telangana (formerly called as 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 Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

(c) In respect of land 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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.

Additional Information:

Information regarding income and expenditure of Investment property

(Rs. in lakhs)

	31-Mar-17	31-Mar-16	01-Apr-15
Rental income derived from investment properties	798.82	690.87	
Direct operating expenses (including repairs and maintenance) generating rental income			
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(113.65)	(52.54)	(75.15)
Profit arising from investment properties before depreciation and indirect expenses	**685.17**	**638.33**	**(75.15)**
Less – Depreciation	(26.55)	(0.43)	0.00
Profit arising from investment properties before indirect expenses	**658.62**	**637.90**	**(75.15)**

(Rs. in lakhs)

	Intangible assets	Intangible assets under development	Total
3C. INTANGIBLE ASSET			
Opening balance at 1 April 2015	88.36	**-**	**88.36**
Additions		533.44	533.44
Closing balance at 31 March 2016	**88.36**	**533.44**	**621.80**
Additions		201.03	201.03
Closing balance at 31 March 2017	**88.36**	**734.47**	**822.83**
Amortisation and impairment			
Opening balance at 1 April 2015	**39.76**		**39.76**
Amortisation	17.67		17.67
Closing balance at 31 March 2016	**57.43**	**-**	**57.43**
Amortisation	17.68	-	17.68
Closing balance at 31 March 2017	**75.11**	**-**	**75.11**
Net Block			
at 31 March 2017	**13.25**	**734.47**	**747.72**
at 31 March 2016	30.93	533.44	564.37
at 01 April 2015	48.60	-	48.60

Net book value	**31-03-2017**	**31-03-2016**	**01-04-2015**
Intangible assets under development	734.47	533.44	-
Intangible Assets	13.25	30.93	48.60

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-Mar-2017	31-Mar-2016
3D. Non Current Assets Held for Sale		
Land and Land Development	381.88	370.38
Buildings	292.63	359.10
Plant & Machinery	24.97	108.04
Furniture , Fixture & other appliances.	0.06	0.69
Transport Vehicles	0.01	0.58
Special Tools	-	9.68
Total	**699.54**	**848.47**

HMT Ltd

(a) 5.80 acres of land held by HMT Ltd, Bangalore is classified as Assets Held for Sale and the tender process for the mentioned land is completed. The Sale is expected to be completed in FY 17-18.

(b) 446 acres of land at Pinjore, Haryana is classified as Assets held for Sale. The transfer of the mentioned land is expected to be completed during the FY 17-18 on completion of the survey and clearance from the Forest Department.

(c) 3 acres of land at Kalamassery is classified as Held for Sale. The advance for the sale of land has been received and the sale is expected to be completed in FY 17-18.

HMT Machine Tools Ltd

Few items of Plant and Machinery for which the Company is committed to sell within the end of next Financial Year and is classified as Non Current Assets Held for Sale.

HMT Watches Ltd

The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off (other than in Ranibagh Unit where the process is yet to be completed) to meet the closure liabilities. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.

HMT Bearings Ltd

The manufacturing operations have been discontinued during the year 2016-17 in line with approval of the Government of India and all the moveable assets are being disposed off. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.

HMT Chinar Watches Ltd

The manufacturing operations have been discontinued during the year 2015-16 and in line with approval of the Government of India, all the moveable assets have been disposed off. The lease on the land has been terminated and the land reverted to Government of Jammu and Kashmir.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
Financial assets			
4. Investments			
Investments In Equity Instruments			
Investments at fair value through Other Comprehensive Income (FVTOCI)			
Unquoted equity shares (fully paid)			
30,00,000 (31-Mar-16: 30,00,000, 1-Apr-15: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-	-
1,60,800 (31-Mar-16: 1,60,800, 1-Apr-15: 1,60,800) Equity shares of Rs.10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	94.22	94.22	93.57
Total FVTOCI investments	**94.22**	**94.22**	**93.57**
Investment in Equity Instruments of Associates and Joint Venture			
Investments in Joint Venture			
1,50,000 (31-Mar-16: 1,50,000, 1-Apr-15: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	20.52	20.19	19.85
Investments in Associates			
20,84,050 (31-Mar-16: 20,84,050, 1-Apr-15: 20,84,050) Equity Shares of Rs. 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-	-
Total Investment in Equity instruments in Associate and Joint Venture	**20.52**	**20.19**	**19.85**
Total	**114.74**	**114.41**	**113.42**
Current	-	-	-
Non Current	114.74	114.41	113.42
Aggregate amount of unquoted investments	114.74	114.41	113.42
Aggregate amount of impairment in value of investments	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
5. Inventories			
Raw Materials and Components	2,578.65	3,422.57	3,575.78
Material and Components in Transit	1,034.56	501.78	408.63
Work-in-Progress	5,771.92	9,728.55	10,039.81
Finished Goods #	5,097.05	5,934.59	5,825.31
Stock in Trade	352.43	429.30	549.40
Goods in Transit	756.06	1,036.55	860.40
Stores and Spares	1,197.52	1,440.66	1,446.81
Tools and Instruments	407.18	702.04	716.69
Scrap	75.37	97.67	112.91
	17,270.74	**23,293.71**	**23,535.74**
Less: Provision for Non-moving Inventories	2,898.59	5,701.26	5,377.90
	14,372.15	**17,592.45**	**18,157.84**
# Includes Excise Duty paid/ payable			
6. Trade Receivables			
Secured, considered good	-	-	-
Unsecured, considered good	9,634.42	10,000.07	10,925.47
Doubtful	15,097.47	14,150.00	14,031.92
	24,731.89	**24,150.07**	**24,957.39**
Allowance for doubtful debts			
Unsecured, considered doubtful	15,097.47	14,150.00	14,031.92
	9,634.42	**10,000.07**	**10,925.47**
Trade Receivables exceeding 6months from the date they are due for payment	5,029.22	2,993.10	4,052.45
Trade Receivables less than 6 months from the date they are due for payment	4,605.20	7,006.97	6,873.02

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
7. Cash and Cash equivalents			
Balances with banks:			
– On current accounts	9,654.93	2,547.05	989.08
– On Deposits accounts	14,902.13	7,520.92	8,762.43
Cash and Cheques on hand	4.03	25,978.50	2,651.91
	24,561.09	**36,046.47**	**12,403.42**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
8. Other Financial Assets			
Interest accrued & due	467.96	318.90	195.81
With Schedule bank in Deposit A/c Margin Money	990.17	405.41	178.35
	1,458.13	**724.31**	**374.16**
9. Other Assets			
Non-Current			
Capital Advances	8.00	455.93	366.86
Less: Allowance for Doubtful Advances	2.30	7.88	7.88
	5.70	**448.05**	**358.98**
Current			
Advances other than Capital Advances			
Advances recoverable in cash or in kind			
Secured			
Considered Good	1.03	1.02	1.01
Less: Allowance for Doubtful Advances	0.54	0.54	0.54
	0.49	**0.48**	**0.47**
Unsecured			
Considered Good #	5,803.66	6,219.59	6,123.76
Considered Doubtful	992.19	945.01	942.30
	6,796.34	**7,165.08**	**7,066.53**
Less: Allowance for Doubtful Advances	992.19	945.01	942.30
	5,804.15	**6,220.07**	**6,124.23**
Interest on Trade Receivable	5,945.92	5,950.92	5,970.24
Less: Allowance for interest on Trade Receivable	5,629.84	5,016.11	4,756.76
	316.08	**934.81**	**1,213.48**
Withholding of taxes and other tax receivables*	481.25	507.05	515.23
Deposits	622.33	700.65	736.78
	7,223.81	**8,362.58**	**8,589.72**
Total Other Assets	**7,229.51**	**8,810.63**	**8,948.70**

*primarily consists of TDS Receivables and Deposits with collector of Customs

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-17		As at 31-Mar-16		As at 1-Apr-15	
	No	Amount	No	Amount	No	Amount
10 Share Capital						
Authorised Share Capital:						
Equity shares of Rs.10 each	*1,23,00,00,000*	*1,23,000.00*	*1,23,00,00,000*	*1,23,000.00*	*1,23,00,00,000*	*1,23,000.00*
		1,23,000.00		*1,23,000.00*		*1,23,000.00*
Issued, Subscribed & Paid up:						
Equity shares of Rs.10 each						
At the beginning of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16
Issued during the year						
Redeemed during the year					-	-
At the end of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16

Additional Information:

1 *Equity Shares:*

i) The Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Pursuant to the letter No I-0501/8/2015-PE-X dated 04th November, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises and pursuant to section 66 and other applicable provisions of the Companies Act 2013, if any, the shareholders of the Company in its Annual General Meeting dated 19th December, 2016 has approved for Reduction of share capital of the Company from Rs 1,204.09 Crore equity shares to Rs 355.60 Crore equity shares by passing a special resolution. The Company is taking necessary steps to file the documents with National Company Law Tribunal (NCLT).

2 Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage	No of shares	Percentage
Equity Shares:						
Honourable President of India	1,12,80,56,626	93.69%	1,12,80,56,626	93.69%	1,12,80,56,626	93.69%

3 Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	3,18,85,900	-	3,18,85,900	-	3,18,85,900	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
11 Other Equity:			
i) Capital Reserve:			
As per last Balance Sheet	2,270.82	2,270.82	2,270.82
i) General Reserve:			
As per last Balance Sheet	16,600.97	16,580.97	16,580.97
Add:			
Transferred from Statement of Profit & Loss	-	20.00	-
	16,600.97	16,600.97	16,580.97
ii) Retained Earnings:			
As per last Balance Sheet	(5,58,625.60)	(5,30,758.50)	(5,33,707.76)
Adjustments:			
Prior period adjustments	-	-	(726.94)
Reclassification of of acturial gain/losses on defined benefit plans	-	-	5,478.32
Decrease in employee benefits on implementation of Ind AS			(1,908.66)
Transferred to general reserve	-	(20.00)	-
Dividend distribution tax	(2.93)	(2.88)	-
Recognition of non controlling interest	-	-	70.21
Fairvaluation of financial instruments			36.33
Fairvalue of Government of India Loan	10,296.29	-	-
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	(54,401.04)	(27,844.22)	-
	(6,02,733.28)	(5,58,625.60)	(5,30,758.50)
iii) FVTOCI Reserve:			
As per last Balance Sheet	(6,335.94)	(5,441.99)	-
Adjutments:			
- On implementation of Ind AS	-	11.56	-
- Reclassification of acturial gain/losses on defined benefit plans	-	-	(5,478.32)
- On account of fair value of Investments	-	-	36.33
Transferred from Statement of Profit & Loss (net of share to non controlling interest)	306.11	(905.51)	-
	(6,029.83)	(6,335.94)	(5,441.99)
Total	**(5,89,891.32)**	**(5,46,089.75)**	**(5,17,348.70)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
12. Borrowings			
Non-current			
Unsecured			
Loans from Government of India ("GOI")			
With free of interest (previous year @7% to 13.5%) Repayment in 1 to 5 equal annual installments from the date of drawal of loan	43,532.91	19,608.12	23,057.44
Total non-current borrowings	**43,532.91**	**19,608.12**	**23,057.44**
Current			
Secured			
Cash Credit	3,431.33	5,526.63	4,936.32
Unsecured			
Loans from Subsidiaries	-	-	-
Net current borrowings	**3,431.33**	**5,526.63**	**4,936.32**
Aggregate Secured loans	3,431.33	5,526.63	4,936.32
Aggregate Unsecured loans	43,532.91	19,608.12	23,057.44

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.

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
13. Preference Share Capital			
Non-Current			
2,17,00,000 8% Redeemable Preference Shares of Rs.100/- each	-	-	21,700.00
Total	**-**	**-**	**21,700.00**

In accordance with the CCEA approval and DHI's directions thereon during January 2016, the entire 8% Redeemable Preference Shares of 21700000 nos. of Rs.100 each (Rs.21700.00 lakhs) will be extinguished and set off against the Loans and advances to Subsidiaries provided by Holding Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
13A Government Grants			
Opening as at 1st April	-	-	-
Received during the year	22.92	-	-
Released to Statement of profit & loss	-	-	-
Closing as at 31st March	**22.92**	**-**	**-**
Current	22.92	**-**	**-**
Non Current	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
14. Provision for employee benefits			
Non Current			
Gratuity	5,311.53	13,503.55	16,291.34
Earned Leave Encashment	2,488.65	4,826.61	5,173.10
Settlement Allowance	466.02	865.94	938.69
	8,266.20	**19,196.10**	**22,403.130**
Current			
Gratuity	2,352.96	3,905.91	4,561.39
Earned Leave Encashment	1,002.21	1,464.38	1,457.63
Settlement Allowance	89.52	100.74	227.86
Wage and Salary Revision arrears	4,740.75	6,374.59	6,421.69
	8,185.44	**11,845.62**	**12,668.57**
Total	**16,451.64**	**31,041.72**	**35,071.70**
15. Trade payables			
Acceptances	102.85	409.69	408.78
Dues towards Goods purchased	7,692.24	6,910.66	6,980.01
Dues to Micro, Small & Medium Enterprises	729.66	1,056.35	1,021.91
Total	**8,524.75**	**8,376.70**	**8,410.70**

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars			
Principal amount due and remaining unpaid	729.66	1,056.35	1,021.91
Interest due on above and the unpaid interest	483.91	679.64	547.43
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-	0.69
Interest paid	122.52	1.97	4.02
Interest accrued and remaining unpaid at the end of the accounting year.	514.69	707.73	573.04
16. Other Financial Liabilities			
Current maturities of long-term Debts	16,808.52	7,146.12	18,372.22
3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00	44,300.00
Loan from Govt. of India (Defaulted)	18,583.08	15,300.56	1,33,797.00
Govt of India Liabilities (to be written off)	3,53,063.79	3,42,102.30	-
Term Loans from Bank (Defaulted)	986.50	986.50	986.50

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
Interest accrued and due on borrowings			
Loans from Government of India	9,319.71	6,194.44	1,03,143.35
Loans from Bank - Dena Bank	1,862.02	1,714.05	1,566.08
Interest accrued but not due on borrowings			
Government of India Loan	1,793.64	1,891.66	12,077.77
Total	**4,06,103.26**	**3,79,021.63**	**3,14,242.92**

3.5% Preference Share Capital

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) will be extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed .

17. Other Liabilities

Current

Revenue received in advance	5,794.65	4,273.27	4,254.36
Sundry creditors- Dues	7,667.00	13,924.68	10,350.73
Other liabilities	39,512.10	44,964.70	25,922.94
Total	**52,973.75**	**63,162.65**	**40,528.03**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Warranty Claims	Provision for Contingencies	Others	Total
18. Provisions - others				
At 1 April 2015	106.65	492.44	8,434.96	**9,034.05**
Arising during the year	49.12	158.63	0.00	**207.75**
Utilised	(49.16)	(5.61)	0.00	**(54.77)**
Unused amounts reversed	(6.56)	(262.32)	(8,265.82)	**(8,534.70)**
At 31 March 2016	**100.05**	**383.14**	**169.14**	**652.33**
Current	100.05	383.14	169.14	652.33
At 1 April 2016	100.05	383.14	169.14	**652.33**
Arising during the year	58.28	0.00	4,395.87	**4,454.15**
Utilised	(50.72)	(68.41)	(3.13)	**(122.26)**
Unused amounts reversed	(16.62)	-	-	**(16.62)**
At 31 March 2017	**90.99**	**314.73**	**4,561.88**	**4,967.60**
Current	90.99	314.73	4,561.88	4,967.60

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
19. Revenue from operations		
Sale of Products		
Food Processing Machinery	903.34	541.90
Accessories	109.20	158.25
	1012.54	**700.15**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	18.22	16.60
Packing / Forwarding charges	12.24	9.15
	30.46	**25.75**
Total	**1043.00**	**725.90**
Machine Tools		
Sale of Products	17585.22	19122.68
Accessories	294.43	555.44
	17879.65	**19678.12**
Sale of Services		
Sale of Services	208.55	139.75
Sundry Jobs and Miscellaneous Sales	1023.63	1809.88
Packing / Forwarding charges	114.19	95.14
	1346.37	**2044.77**
Total	**19226.02**	**21722.89**
Exports		
Sales & Commission	704.22	1407.97
Technical Services	281.67	93.96
Project Sales & Services	279.48	1216.11
Export Assistance	1.52	24.49
	1266.89	**2742.53**
Revenue from Operations	**21535.91**	**25191.32**
20. Other income		
A. Other Income		
Recoveries from Staff/Others	256.81	237.58
Royalties	-	1.06
Rent Received	1139.55	1074.67
Gains on Sale of Property, Plant and Equipment	84.93	27.53
Provisions Withdrawn	734.62	8804.33
Other non operating Income	1419.48	875.59
Total Other Income	**3635.39**	**11020.76**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
B. Interest Income		
Interest income on Bank Deposits	527.47	445.60
Interest from Dealers/Others	21.14	30.13
	548.61	**475.73**
Total Other Income	**4184.00**	**11496.49**
21 Cost of Raw Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	1344.76	1369.01
Add: Purchases	4556.95	5155.04
	5901.71	6524.05
Less: inventory at the end of the year	1569.86	1344.76
Cost of raw material and components consumed	4331.85	5179.29
Consumption of Stores, Spares, Tools & Packing Materials	3764.28	4034.48
Less: Stock Written Off		
Total raw materials and components consumed	**8096.13**	**9213.77**
Particulars of Materials Consumed		
Steel	506.32	666.82
Non-ferrous Metals	8.62	4.71
Ferrous Castings	502.35	610.02
Non-ferrous Castings	62.34	40.72
Forgings	52.77	69.02
Standard parts & components	3091.67	3391.61
Others	107.78	396.39
Total	**4331.85**	**5179.29**
22. Purchase of Stock in Trade		
Purchases of Stock in Trade	204.07	1869.52
	204.07	**1869.52**
23. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	2652.36	1966.68
Less: inventory at the end of the year	3570.99	2652.36
Changes in Inventory	**(918.63)**	**(685.68)**
Work in Progress		
Inventory at the beginning of the year	7015.91	6733.28
Less: inventory at the end of the year	4803.26	7015.91
Changes in Inventory	**2,212.65**	**(282.63)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Goods in Transit		
Inventory at the beginning of the year	1036.55	978.59
Less: inventory at the end of the year	756.06	1036.55
Changes in Inventory	**280.49**	**(57.96)**
Scrap		
Inventory at the beginning of the year	33.31	35.19
Less: inventory at the end of the year	15.95	33.31
Changes in Inventory	**17.36**	**1.88**
Less: Inventory written off		
Total	**1591.87**	**(1,024.39)**
24. Changes in Excise Duty on Finished Goods		
Inventory at the beginning of the year	342.81	264.51
Less: inventory at the end of the year	440.88	342.81
	(98.07)	**(78.30)**
25. Employee benefits expense		
Salaries,Wages and Bonus	10533.32	11225.57
House Rent Allowance	398.63	552.79
Gratuity	662.23	884.92
Contribution to PF & FPS	933.31	1130.93
Deposit Linked Insurance	103.20	73.27
Contribution to ESI	12.10	6.32
Welfare Expenses	1807.29	2181.72
	14450.08	**16055.52**
26. Depreciation and amortization		
Depreciation of tangible assets	1037.17	987.32
Depreciation on Investment Properties	0.43	0.43
Amortisation of intangible assets	17.68	17.67
	1055.28	**1005.42**
27. Finance costs		
Interest Expense		
Government of India Loans	4883.63	4219.91
Cash Credit loans from Banks	534.34	449.72

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Loans from Bank	147.98	147.98
Others	16.20	16.10
Other Borrowing Cost		
Finance Charges	4.89	3.83
Discounting Charges	3.85	1.72
Total finance costs	**5590.89**	**4839.26**
28. Other expenses		
Manufacturing Expenses		
Power and Fuel	963.65	1015.94
Excise Duty	454.64	182.66
Repairs to machinery	58.00	59.81
Provision for Non Moving Inventories	124.99	259.90
Selling & Distribution Expenses		
Advertisement and Publicity	37.79	31.38
Carriage outwards	8.91	22.80
Establishment Expenses		
Rent	55.37	54.83
Rates and Taxes	286.85	274.62
Insurance	22.64	21.87
Water and Electricity	387.44	390.84
Repairs to building	50.27	63.51
Printing and Stationery	38.05	42.74
Auditors Remuneration #	8.19	8.44
Provision of loss in value of Equity	4395.87	0.00
Provision for Doubtful Debts,Loans and Advances	298.86	681.10
Warranty claims	59.12	47.62
Loss on sale of property, Plant and Equipment	-	0.01
Loss sustained by PF Trust	67.18	-
Travelling Expenses	251.09	291.98
Interest expenses *	640.07	475.04
Diference in exchange	(4.19)	55.82
Other Expenses	1952.64	1549.70
	10157.43	**5530.61**

*mainly includes interest on statutory payments

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
As auditor	5.45	5.43
For taxation matters	1.09	1.06
Cost audit fee & expenses	1.10	1.27
For other services	0.15	0.22
Reimbursement of expenses	0.33	0.31
Service tax	0.07	0.15
	8.19	**8.44**
29. Jobs Done for Internal Use		
Shop manufactured Special Tools	(97.04)	(111.75)
	(97.04)	**(111.75)**
30. Exceptional Items		
Waiver of GOI Loans	(438.00)	-
Waiver of Ineterst on GOI Loans	(93.05)	-
	(531.05)	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 Mar 2017	31 Mar 2016	01 Apr 2015

31. Interest in Joint Venture

The Company has a 50% interest in SUDMO- HMT Process Engineers (India) Limited, a joint venture involved in marketing of Food Processing Machines. The Company's interest in SUDMO- HMT Process Engineers (India) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind-AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Current assets, including cash and cash equivalents	1.09	1.17	1.06
Non-current assets	44.81	41.81	43.64
Current liabilities, including tax payable	(4.86)	(2.61)	(5.00)
Equity	41.04	40.38	39.71
Proportion of the Company's ownership	0.50	0.50	0.50
Carrying amount of the investment	20.52	20.19	19.85

Summarised Statement of Profit and Loss of the SUDMO-HMT Process Engineers (India) Limited

(Rs. in lakhs)

	31 Mar 2017	31 Mar 2016
Revenue	3.33	3.55
Finance cost	0.00	(0.01)
Other expense	(2.37)	(2.57)
Profit before tax	**0.95**	**0.97**
Income tax expense	(0.30)	(0.30)
Profit for the year (continuing operations)	**0.66**	**0.67**
Total comprehensive income for the year (continuing operations)	**0.66**	**0.67**
Company's share of profit for the year	**0.33**	**0.34**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 Mar 2017	01 Apr 2016
32. Income Tax		
The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:		
Statement of profit and loss		
Profit or loss section		
Current income tax:		
Current income tax charge	4.93	41.73
Deferred tax:		
Relating to origination and reversal of temporary differences	14.46	(9.52)
Income tax expense reported in the statement of profit or loss	**19.39**	**32.21**
OCI section		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	3.92	0.16
Income tax charged to OCI	**3.92**	**0.16**
Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2016 and 31 March 2017		
Accounting profit before tax from continuing operations	25.87	90.43
Accounting profit before income tax	**25.87**	**90.43**
At India's statutory income tax rate of 33.063% (31 March 2016: 33.063%)	8.55	29.90
Depreciation	1.39	0.00
Defined Benefit Obligations	13.07	2.32
Effect of lower taxes paid through MAT	(3.62)	
At the effective income tax rate of 74.95% (31 March 2016: 35.62%)	**19.39**	**32.22**
Income tax expense reported in the statement of profit and loss	19.39	32.21
	19.39	**32.21**
Reconciliation of deferred tax liabilities, net		
Opening balance as of 1 April	**75.13**	**84.80**
Tax income/(expense) during the period recognised in profit or loss	14.46	(9.52)
Tax income/(expense) during the period recognised in OCI	(3.92)	(0.16)
Closing balance as at 31 March	**85.67**	**75.13**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

NOTES FORMING PART OF CONSOLIDATE FINANCIAL STATEMENTS

33. Discontinued Operations

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed.Thereafter, operations closed in the same Financial Year. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the company and accordingly it is classified as Investment Properties

As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches/ HMT Watches/ HMT Bearings Ltd operations were closed.Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105.

The results of Discontinued Operations for the year are presented below: (Rs. in lakhs)

	Year ended 31-03-2017	Year ended 31-03-2016
Revenue		
Revenue from Operations	2,306.81	5,606.15
Other income	2,681.95	1,308.36
Expenses		
Material Consumption, purchase of stock and changes in inventory	1,882.00	4,337.71
Employee Benefit Expenses	5,401.95	13,126.50
Depreciation	245.27	352.50
Other Expenses	7,086.10	3,586.94
Finance costs	1,219.27	2,134.59
Other Comprehensive Income	8,643.03	2,214.14
Profit/(loss)before exceptional items and tax from a discontinued operation	**(2,202.80)**	**(14,409.59)**
Exceptional items	(37,252.19)	(10,743.72)
Profit/(loss) before tax from a discontinued operation	**(39,454.99)**	**(25,153.31)**
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)		
Related to measurement to fair value less costs of disposal (deferred tax)		
Profit/(loss) for the year from a discontinued operation	**(39,454.99)**	**(25,153.31)**

The classification of Non Current Assets of Discontinued Operations are as follows

	31-Mar-17	31-Mar-16
Assets		
Property, plant and equipment	1,050.07	1,601.02
Investment Property	298.81	
Non Current Assets Held for Sale	698.91	848.47
Total Non Current Assets	**2,047.79**	**2,449.49**

The net cash flows incurred by Tractors Division are, as follows:

Operating	(81,567.07)	(3,395.98)
Investing	1,793.61	312.99
Financing	61,471.22	28,449.53
Net cash (outflow)/inflow	**(18,302.24)**	**25,366.55**

Earnings per share:	**31-Mar-17**	**31-Mar-16**
Basic, profit/(loss) for the year from discontinued operation	(3.28)	(2.09)
Diluted, profit/(loss) for the year from discontinued operation	(3.28)	(2.09)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
34. Contingent Liabilities		
1) Claims against the company not acknowledged as debt; Details		
i) Tax related claims pending in appeal		
i) Excise Duty	397.84	371.21
ii) Sales Tax	205.70	430.66
iii) Customs Duty	150.00	275.75
iv) Property Tax	4,512.57	4,547.84
v) Income Tax	1,189.22	148.18
vi) Others	-	1,224.69
b) Non receipt of related Forms against levy of concessional Sales Tax	2,016.32	1,945.79
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	203.70	396.15
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	6,312.47	6,746.29
Guarantees & Counter guarantees & LC's issued	1,587.10	405.10
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	1,272.04	3,881.93
ii) The Company had deposited Rs.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 Rs. 2,69,433/- as debts	13.31	13.31
iii) 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
iv) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	70.23	89.34

v) An amount of Rs453054/- 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 Estate Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. Rs.301813/- has been deposited by the Company

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	1,170.23

35. Other Disclosures

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.

36. 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.

37. Inventories include

	As at 31-Mar-2017	As at 31-Mar-2016
Excise Duty paid / payable on Closing Stock of Finished Goods & Scrap. However, this has no effect on the working results of the Company	432.41	303.28
Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	1,233.04	470.92
Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
38. Trade Receivables include		
Dues towards erection and commissioning for a period exceeding one year	389.71	577.08
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-
39. Advances		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	2.94	2.95
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	2,565.05	2,608.56
	2,567.99	**2,611.51**
40. Contigent Asset		
Debts written in the past, but action of recovery proceedings is being continued before the courts	184.98	244.98
41. Transactions with Key Managerial Personnel		
Compensation of key management personnel of the Company		
Short-term employee benefits	45.7	25.39
Termination benefits	2.66	3.03
Total compensation paid to key management personnel	**48.36**	**28.42**

42 **Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Companies financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

(Rs. in lakhs)

	Carrying Amount			Fair Value		
	31 Mar 2017	**31 Mar 2016**	**01 Apr 2015**	**31 Mar 2017**	**31 Mar 2016**	**01 Apr 2015**
Financial assets						
FVTOCI financial investments	217.08	217.08	217.08	94.22	94.22	93.57
Total	**217.08**	**217.08**	**217.08**	**94.22**	**94.22**	**93.57**
Financial liabilities						
Borrowings	43,532.91	19,608.12	23,057.44	43,532.91	19,608.12	23,057.44
Interest Free Government of India Loan	54,368.00			33,198.11		
Total	**97,900.91**	**19,608.12**	**23,057.44**	**76,731.02**	**19,608.12**	**23,057.44**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the governmnet of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest

The Company has not discounted the redeemable preference shares as 8% redeemable preference shares have been redeemed and 3.5% preference shares is matured and the Company has defaulted, hence in our opinon no fair valuation need to be made for the same.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017

43 Fair value Hirarchy

			Fair value measurement using			
			Total	**Quoted prices in active markets (Level 1)**	**Significant observable Inputs (Level 2)**	**Significant unobservable Inputs (Level 3)**
	Date of valuation	**valuation technique**	**INR Lacs**	**INR Lacs**	**INR Lacs**	**INR Lacs**
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Ltd	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-16	NAV	94.22			94.22
Assets for which fair values are disclosed						
Investment properties						
Land	31-Mar-17	Circle rate	2,24,991.08			2,24,991.08
Financial Liability						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-17	8% Effective Rate of Interest used	33,198.11			33,198.11

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016

Fair value Hirarchy

			Fair value measurement using			
			Total	**Quoted prices in active markets (Level 1)**	**Significant observable Inputs (Level 2)**	**Significant unobservable Inputs (Level 3)**
	Date of valuation	**valuation technique**	**INR Lacs**	**INR Lacs**	**INR Lacs**	**INR Lacs**
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Limited	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-14	NAV	94.22			94.22

Quantitative disclosures fair value measurement hierarchy for assets as at 31 April 2015

Fair value Hirarchy

			Fair value measurement using			
			Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
	Date of valuation	valuation technique	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Assets measured at fair value:						
FVTOCI financial investments:						
Unquoted equity shares						
Nigeria Machine Tools Ltd	-		-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-14	NAV	93.57			93.57

When the fair values of financial assets recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques used by a valuation expert

A) the Company has relied on the share valuation report given by a certified valuer for valuing the shares of Andhra Pradesh Gas Power Corporation Ltd. The valuer was unable to follow the market/cost/income approach as the information was not available. The valuer concluded that Net Asset Value (book value_ Method is the most suitable method to calculate the Fair Value.

B) Nigeria Machine Tools ltd is a company incorporated outside India, the valuer was unable to retrive any information from the company as it is a foreign company. It is more appropriate to conclude that the Fair Value of the shares is NIL

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 Mar 2017	31 Mar 2016
44. Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	(14,642.22)	(3,601.96)
Discontinued operation	(39,452.66)	(25,147.61)
Total Profit including OCI	**(54,094.88)**	**(28,749.57)**
Less Other Comprehesive income	306.16	(905.35)
Profit attributable to equity holders for basic earnings	**(54,401.04)**	**(27,844.22)**
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**(54,401.04)**	**(27,844.22)**
Weighted average number of Equity shares for basic EPS*	1,20,40,91,640	1,20,40,91,640
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**1,20,40,91,640**	**1,20,40,91,640**

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

45 As per Indian Accounting Standard - 19 "Employee Benefits", the disclosures as defined are given below:

i) Defined Contribution Plan:

(Rs. In Lakhs)

Particluars	**Year Ended 31 March 2017**	**Year Ended 31 March 2016**
Employer's Contribution to Pension Fund	303.71	448.92

ii) Defined Benefit Plans:

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans.

The Company has not obtained the acturial valuation report from the independent actuary for its Provident fund trust.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	31-Mar-17	**31-Mar-16**	**01-Apr-15**
	%	%	%
Discount rate:			
Gratuity plan	7.50	8.00	8.00
Settlement Allowance	7.50	8.00	8.00
Future salary increases:			
Gratuity plan	7.00	7.00	7.00
Settlement Allowance	8.00	8.00	8.00

Summary of Demographic Assumptions	**Gratuity Plan**			**Settlement Allowance**		
	31 Mar 2017	**31 Mar 2016**	**01 Apr 2015**	**31 Mar 2017**	**31 Mar 2016**	**01 Apr 2015**
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%	5%	5%
Attrition Rate						
Normal Retirement Age *						
Average Future Service	7.59	5.35	5.51	7.54	5.9	5.46

*Note : Age 60yrs incase of HMT Limited and HMT(I) Limited.
Age 58yrs incase of HMT Machine Tools Limited, HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Ltd.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

45A Employee Benefit Obligations

The cost of the defined benefit gratuity plan, Earned Leave Encashment and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may from differ actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

A Gratuity

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(20,386.22)	(274.88)	(1,520.19)	(1,795.07)	2,767.74	1.98		0.00	(184.63)	8,828.62	8,643.99	0.00	(10,769.56)
Fair Value of plan assets	2,812.71	0.00	207.86	207.86	(2,767.74)	(12.77)		0.00	0.00	0.00	(10.79)	2,674.22	2,916.26
Change in Asset Ceiling	164.05	0.00	12.30	12.30	0.00	0.00	12.46	0.00	0.00	0.00	12.46	0.00	188.81
Benefit Liability	**(17,409.46)**			**(1,547.91)**	**0.00**						**8,645.66**	**2,674.22**	**(7,664.49)**

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(24,218.74)	(505.84)	(1,707.71)	(2,213.55)	4,786.33	0.00		0.00	0.00	1,259.76	1,259.76	0.00	(20,386.20)
Fair Value of plan assets	3,366.00	0.00	266.74	266.74	(4,786.33)	0.00		0.00	0.00	0.00	(173.51)	4,139.80	2,812.70
Change in Asset Ceiling	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Benefit Liability	**(20,852.74)**	**(505.84)**	**(1,440.97)**	**(1,946.81)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,259.76**	**1,086.25**	**4,139.80**	**(17,573.50)**

B Settlement Allowance :

31 March 2017 changes in the defined benefit obligation and fair value of plan assets

		Defined Benefit Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(966.67)	(1.75)	(69.94)	(71.69)	183.21	0.00		0.00	(11.30)	310.92	299.62	0.00	(555.54)
Fair Value of plan assets	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Benefit Liability	**(966.67)**			**(71.69)**	**183.21**						**299.62**	**0.00**	**(555.54)**

31 March 2016 changes in the defined benefit obligation and fair value of plan assets

		Defined Benefit Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(1,166.55)	(1.97)	(83.89)	(85.86)	227.92	0.00		0.00	(10.45)	68.27	57.82	0.00	(966.68)
Fair Value of plan assets	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Benefit Liability	**(1,166.55)**			**(85.86)**	**227.92**						**57.82**	**0.00**	**(966.68)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

45B Employee Benefits (Contd.):

B Sensitivity analysis:

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and fully salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumptions by 100 basis points:

(i) Gratuity

(Rs. in lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	11,163.31	10,407.78	21,161.11	19,667.6
Change in rate of salary increase	10,469.36	11,046.09	19,777.58	20,933.09
Change in withdrawal rates	10,744.55	10,792.89	20,322.06	20,446.52

(ii) Settlement Allowance

(Rs. in lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	557.68	528.07	992.57	908.50
Change in rate of salary increase	518.30	567.06	907.03	993.30
Change in withdrawal rates	568.82	517.07	997.18	904.05

C. The expected contributions for gratuity for the next financial year will be Rs.3970.78 lakhs and Settlement allowance will be Rs.270.86 lakhs.

46 During the year Parent Company had announced Voluntary Retirement Scheme ("VRS") for the employees of Tractor Business Group, Pinjore and an amount of Rs.28,528.57 lakhs was paid towards VRS. During an earlier year VRS was also announced in HMT-Watches Ltd, Chinar Watches Ltd & HMT-Bearings Ltd and an amount of Rs 10,782.17 lakhs was paid during 2015-16 and Rs.18,512.85 Lakhs during 2016-17, which has been disclosed as under exceptional items in discontinued operations.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

47. Segment reporting

Particulars	Food Processing Unit	Machine Tools	Exports	Total Segments	Others	Adjustment/ Elimination	Consolidated
Year ended 31 March 2017							
Revenue							
External customers	1,043.00	19,226.02	1,266.89	21,535.91	-	-	21,535.91
Inter-segment		526.36	1,130.73	1,657.09	-	-	1,657,.09
Total Revenue	**1,043.00**	**19,752.38**	**2,397.62**	**23,193.00**	**-**	**-**	**23,193.00**
Income/(Expenses)							
Depreciation and amortisation	31.57	1,009.96	13.75	1,055.27			1,055.27
Interest Income	214.51	174.49	225.30	614.30			614.30
Interest Expense	287.92	5,395.14		5,683.06			5,683.06
Segment profit	**(2,154.65)**	**(12,759.04)**	**6.48**	**(14,907.21)**		(41.17)	**(14,948.38)**
Total assets	**20,748.61**	**32,025.26**	**4,925.22**	**57,699.09**	**9,027.35**	**(187.86)**	**66,538.58**
Total liabilities	**25,511.68**	**48,968.22**	**2,031.83**	**76,511.73**	**7,583.86**	**4,52,003.17**	**5,36,098.76**
Other disclosures							
Capital expenditure				**-**			**-**
Year ended 31 March 2016							
Revenue							
External customers	725.90	21,722.89	2,742.53	25,191.32			25,191.32
Inter-segment		59.83	648.21	708.04			708.04
Total Revenue	**725.90**	**21,782.72**	**3,390.74**	**25,899.36**	**-**	**-**	**25,899.36**
Income/(Expenses)							
Depreciation and amortisation	26.79	965.08	13.55	**1,005.42**			1,005.42
Interest Income	1,198.39	0.00	236.46	**1,434.85**			1,434.85
Interest Expense	297.47	4,633.06		**4,930.53**			4,930.53
Segment profit	**9,051.69**	**(10,666.32)**	**58.22**	**(1,556.41)**		(1,140.19)	**(2,696.60)**
Total assets	**11,542.41**	**32,635.57**	**4,227.19**	**48,405.17**	**35,745.92**	**(539.34)**	**83,611.75**
Total liabilities	**33,409.53**	**42,049.12**	**1,368.76**	**76,827.41**	**27,032.12**	**4,05,508.56**	**5,09,368.09**
Other disclosures							
Capital expenditure				**-**			**-**
Year ended 1 April 2015							
Total assets	**16,255.32**	**33,449.46**	**4,813.44**	**54,518.22**	**11,180.12**	**(3,669.02)**	**62,029.32**
Total liabilities	**34,060.99**	**38,504.07**	**1,836.03**	**74,401.09**	**18,709.30**	**3,65,928.68**	**4,59,039.07**

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-17	31-Mar-16
	INR Lacs	INR Lacs
Segment profit	**(14,907.21)**	**(1,556.41)**
Inter-segment income and expenses (elimination)	(41.17)	(1,140.19)
Profit before tax	**(14,948.38)**	**(2,696.60)**

Reconciliation of assets	31-Mar-17	31-Mar-16	01-Apr-15
	INR Lacs	INR Lacs	INR Lacs
Segment operating assets	**57,699.09**	**48,405.17**	**54,518.22**
Assets held by Discontinued Operations	9,027.35	35,745.92	11,180.12
Inter-segment (elimination)	(187.86)	(539.34)	(3,669.02)
Loans	0.00	0.00	0.00
Total assets	**66,538.58**	**83,611.75**	**62,029.32**

Reconciliation of liabilities	31-Mar-17	31-Mar-16	01-Apr-15
	INRLacs	INRLacs	INRLacs
Segment operating liabilities	**76,511.73**	**76,827.41**	**74,401.09**
Liabilitis of Discontinued Operations	7,583.86	27,032.12	18,709.30
Inter-segment (elimination)	(1,154.93)	(626.15)	(65.92)
Current Tax Liabilities	4.93	1,903.18	1,973.11
Deferred tax liabilities	85.67	75.13	84.80
Borrowings	4,53,067.50	4,04,156.38	3,63,936.68
Total liabilities	**5,36,098.76**	**5,09,368.07**	**4,59,039.06**

Capital expenditure consists of additions of property, plant and equipment

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported inthe ‘adjustments and elimination’ column.

Revenue from external customers	**31-Mar-17**	**31-Mar-16**
	INR Lacs	**INR Lacs**
India	3,600.58	2,404.54
Outside India	-	-
Total revenue per consolidated statement of profit or loss	**3,600.58**	**2,404.54**

The revenue information above is based on the locations of the customers.

Food Processing Unit

Revenue from two customer amounted to Rs.119.87 and Rs.104.40 Lakhs respectively which is exceeding 10% of the revenue from operations for the year ended 31 March 2017.

Machine Tools

Revenue from one customer amounted to Rs.3,376.31 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2017.

Revenue from one customer amounted to Rs.2,404.54 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2016.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31st March 2015

1 FVTOCI financial assets

Under Indian GAAP, the Company accounted for long term investments (other than investments in subsidiaries and Join Venture) in unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in Equity Instruments through other comprehensive income.

2 Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit or loss. Under Ind-AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

3 Property, plant and equipment

Under Indian GAAP the Company has recognised Special Tools as Other Current Assets. Under IND As, the company recoginses it as Property, Plant ad Equipment as per the definition.

4 Non Current Assets Held for Sale

Under IND AS there was no specific disclosure for Non Current Assets Held for Sale. Under IND AS, Property, Plant and equipment is classified as Non Current Assets held for Sale in accordance with IND AS 105

5 Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments lead to different temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

6 Joint Venture

The Company holds 50% interest in SUDMO-HMT Process Engineers (India) Limited and exercises joint control over the entity. Under Indian-GAAP Company has proportionately consolidated its interest in the SUDMO-HMT Process Engineers (India) Limited in the Consolidated Financial Statement. On transition to Ind AS, the Company has assessed and determined that SUDMO-HMT Process Engineers (India) Limited is its joint venture under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the Company had previously proportionately consolidated.On application of equity method the investment is increased.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

7 Non Controlling Interest

Under Indian-GAAP deficit blance of Minority Interest will be recognised by the parent company. Under IND AS Non Controlling Interest shall be preseneted even if the results in the non-controlling interests have a deficit balance

8 Investment Proeprty

Under Indian GAAP Investments properties were recognised as part of Property, plant & equipment as there was no sepcific standard in this regard. Under IND AS scenario, separate standard for Investment Properties, accordingly, the Company has reclassified certain assets to Investment properties.

9 Depreciation of property, plant and equipment

Under Indian GAAP the company has recognised depreciation of Special Tools as Amortisation under Other Expenses. Under IND AS the Company has to recognises and depreciate it as PPE based on useful life as disclosed in the Significant Accounting Policy.

10 Preference shares

Under Indian GAAP Preference Share Capital whether convertible or not it was considered as part of Equity. Under IND AS, Redeemable Preference Shares are recognised as Financial Liability in accordance with IND AS.

11 Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

12 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind-AS. Further, in Indian GAAP Statement of profit or loss is reconciled to total comprehensive income as per Ind-AS.

13 Prior Period Items

Under Indian GAAP the company has accounted Prior Period Item in the reporting periods Statement of Profit and Loss. Under IND AS, Prior Period Items are adjusted against the opening balance of Retained Earnings and the Balancesheet for the corrosponding period is restated.

14 Discontinued Operations

Under previously presented Financial Statemnets the company has separately classified the profit/(loss) from discontinued operations. Under IND AS, profit/(loss) for discontinued operations is shown separately in a single line item in accordance with IND AS 105

15 Others

The reconciliation between Indian GAAP and IND AS is only on account of classificational changes to comply with the IND AS and Schedule III, Division II of Companies Act, 2013.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

48 FIRST TIME ADOPTION OF IND AS:

These financial statements, for the year ended 31 March 2017, are the first, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(i) Exemptions availed:

a) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

b) Ind AS 27 requires investments in subsidiaries to be recorded at cost or in accordance with Ind AS 109 in its separate financial statements. However, Ind AS 101 provides an option to measure that investment at one of the following amounts in case the Company decides to measure such investment at cost:

i. Cost as per Ind AS 27 or

ii. Deemed cost, which is:

a. fair value at the entity's date of transition to Ind AS

b. previous GAAP carrying amount at that date

The Company has elected to measure its investments in subsidiaries using deemed cost at the previous GAAP carrying amount at the date of transition to Ind AS.

(ii) Exceptions applied:

a) Ind AS 101 requires an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS to be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Impairment of financial assets based on expected credit loss model.

b) Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Ind AS 101 provides the option to apply Ind AS 103 prospectively from the Transaction date. This provides relief from full retrospective application that would revise restatement of all business combinations prior to transition. The group elected to apply Ind AS 103 prospectively to business combinations occuring after its transition date, accordingly business combinations prior to the transition date has not been restated. The group applied same exemption for investment in associates and joint venture.

49A Reconcilation

	Foot Notes	IGAAP As at 31 Mar16	Reconciliations As at 31 Mar16	IND AS As at 31 Mar16	IGAAP As at 1 Apr 15	Reconciliations As at 1 Apr 15	IND AS As at 1 Apr 15
ASSETS							
Non-current assets							
Property, plant and equipment	3	9279.40	(556.41)	8722.99	9352.55	351.08	9703.63
Capital work in progress	15	133.19	0.00	133.19	1069.84	229.42	1299.26
Investment Property	8		54.39	54.39		54.82	54.82
Intangible assets		30.93	0.00	30.93	48.60	0.00	48.60
Intangible assets under development	15	533.44	0.00	533.44	232.30	(232.30)	0.00
Financial assets							
Investments	1, 6	57.23	57.18	114.41	57.23	56.19	113.42
Other Assets	15	448.05	0.00	448.05	356.10	2.88	358.98
		10482.24	**(444.84)**	**10037.40**	**11116.62**	**462.09**	**11578.71**
Current assets							
Inventories		17592.43	0.02	17592.45	18157.83	0.01	18157.84
Financial assets							
Trade Receivables	15	10000.11	(0.04)	10000.07	10905.75	19.72	10925.47
Cash and cash equivalents	15	36493.35	(446.88)	36046.47	12624.39	(220.97)	12403.42
Loans							
Others Financial assets	15		724.31	724.31		374.16	374.16
Other Assets	15	9083.72	(721.14)	8362.58	9095.93	(506.21)	8589.72
		73169.61	**(443.73)**	**72725.88**	**50783.90**	**(333.29)**	**50450.61**
Non Current Assets Held for Sale	4		848.47	848.47		0.00	0.00
		0.00	**848.47**	**848.47**	**0.00**	**0.00**	**0.00**
TOTAL ASSETS		**83651.85**	**(40.10)**	**83611.75**	**61900.52**	**128.80**	**62029.32**

	Foot Notes	IGAAP As at 31 Mar16	Reconciliations As at 31 Mar16	IND AS As at 31 Mar16	IGAAP As at 1 Apr 15	Reconciliations As at 1 Apr 15	IND AS As at 1 Apr 15
EQUITY AND LIABILITIES							
Equity							
Share Capital	10	124095.16	(3686.00)	120409.16	186409.16	(66000.00)	120409.16
Other equity		(547193.40)	1103.65	(546089.75)	(514855.97)	(2492.73)	(517348.70)
Equity attributable to equity holders of the parent		**(423098.24)**	**(2582.35)**	**(425680.59)**	**(328446.81)**	**(68492.73)**	**(396939.54)**
Non-controlling interests	7	20.22	(95.97)	(75.75)	19.89	(90.10)	(70.21)
Total equity		**(423078.02)**	**(2678.32)**	**(425756.34)**	**(328426.92)**	**(68582.83)**	**(397009.75)**
Non-current liabilities							
Financial liabilities							
Borrowings	15	35895.18	(16287.06)	19608.12	131159.52	(108102.08)	23057.44
Preference Share Capital	10		0.00	0.00		21700.00	21700.00
Provisions							
Provision for Employee Benefits	2	13097.38	6098.72	19196.10	20949.58	1453.55	22403.13
Deferred tax liability (net)	5	118.70	(43.57)	75.13	121.31	(36.51)	84.80
		49111.26	**(10231.91)**	**38879.35**	**152230.41**	**(84985.04)**	**67245.37**
Current liabilities							
Financial liabilities							
Borrowings	15	5526.63	0.00	5526.63	4936.32	0.00	4936.32
Trade payables	15	6382.58	1994.12	8376.70	6651.70	1759.00	8410.70
Other financial liabilities	15		379021.63	379021.63		314242.92	314242.92
Government Grant			0.00	0.00		0.00	0.00
Other Current Liabilities	15	424141.38	(360978.73)	63162.65	203997.83	(163469.80)	40528.03
Provisions							
Provision for Employee Benefits	2, 15	19665.62	(7820.00)	11845.62	20538.00	(7869.43)	12668.57
Others	15		652.33	652.33		9034.05	9034.05
Current Tax Liabilities (Net)	15	1902.40	0.78	1903.18	1973.18	(0.07)	1973.11
		457618.61	**12870.13**	**470488.74**	**238097.03**	**153696.67**	**391793.70**
Total liabilities		**506729.87**	**2638.22**	**509368.09**	**390327.44**	**68711.63**	**459039.07**
TOTAL EQUITY AND LIABILITIES		**83651.85**	**(40.10)**	**83611.75**	**61900.52**	**128.80**	**62029.32**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		IGAAP	Reconcilation	IND As
	Foot Notes	Year Ended 31-03-2016	Year Ended 31-03-2016	Year Ended 31-03-2016
49B Reconcilation				
CONTINUING OPERATIONS				
Revenue from operations (including excise duty)	11, 14	28351.87	(3160.55)	25191.32
Other income	14, 15	13304.68	(1808.19)	11496.49
Total Income		**41656.55**	**(4968.74)**	**36687.81**
EXPENSES				
Cost of raw materials consumed	14	7322.46	1891.31	9213.77
Purchase of Stock In Trade	14	2019.87	(150.35)	1869.52
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	14, 15	279.37	(1303.76)	(1024.39)
Excise duty on goods sold during the year	11	-	2163.29	2163.29
Excise duty on changes in inventories of finished goods	15	-	(78.30)	(78.30)
Employee benefits expense	2, 14	31600.04	(15544.52)	16055.52
Finance costs	14, 15	8408.67	(3569.41)	4839.26
Depreciation and amortization expense	3, 14	1151.79	(146.37)	1005.42
Other expenses	14, 15	12800.98	(7270.37)	5530.61
Less: Internal Consumption			(110.40)	(110.40)
Less: Jobs Done for Internal Use	14, 15	(340.93)	229.18	(111.75)
Total expense		**63242.25**	**(23889.70)**	**39352.55**
Profit/(loss) before share of (profit)/loss from investment in associate and a joint venture, exceptional items and tax from continuing operations		**(21585.70)**	**18920.96**	**(2664.74)**
Share of (profit)/loss of an associate and a joint venture	6		0.34	0.34
Profit/(loss)before exceptional items and tax from continuing operations		**(21585.70)**	**18921.30**	**(2664.40)**
Exceptional items	13, 14	(10695.48)	10695.48	
Profit/(loss)before and tax from continuing operations		**(32281.18)**	**29616.78**	**(2664.40)**
(1) Current tax		41.25	0.48	41.73
(2) Deferred tax	5	(2.61)	(6.91)	(9.52)
(3) Adjustment of tax relating to earlier periods			0.00	0.00
		38.64	(6.43)	32.21
Profit for the year from continuing operations		**(32319.82)**	**29623.21**	**(2696.61)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		IGAAP	Reconcilation	IND As
	Foot Notes	Year Ended 31-03-2016	Year Ended 31-03-2016	Year Ended 31-03-2016
DISCONTINUED OPERATIONS				
Profit/(loss) before tax for the year from discontinued operations	14		(25153.31)	(25153.31)
Tax Income/ (expense) of discontinued operations				
Profit/(loss) from discontinued operations		**-**	**(25153.31)**	**(25153.31)**
Profit/(loss) for the year		**(32319.82)**	**4469.90**	**(27849.92)**
OTHER COMPREHENSIVE INCOME				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains (losses) on defined benefit plans	2	-	(905.86)	(905.86)
Income tax effect	2	-	0.16	0.16
Net (loss)/gain on FVTOCI equity Securities	1	-	0.35	0.35
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**(905.35)**	**(905.35)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**-**	**(905.35)**	**(905.35)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(32319.82)**	**3564.55**	**(28755.27)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

50 Disclosure on Specified Bank Notes

During the year, the company had Specified Bank Notes (SBN's) or other Denominations Notes as defined in the MCA Notification, G.S.R. 308(E), dated March 31, 2017. The details of SBN's held and transacted during the period from November 8, 2016 to December 30,2016, the denominations wise SBN's and other Notes as per the Notification are as follows :

(Rs. in lakhs)

Particulars	SBN's *	Other Denomination Notes	Total
Closing Cash in hand as on November 8 ,2016	3.17	1.22	4.39
Add : Permitted Receipts	0.55	32.23	32.78
Less : Permitted Payments	-	18.83	18.83
Less : Amount Deposited in Banks	3.61	11.33	14.94
Change in Currency from Banks	-0.10	0.10	-
Less: Non Permitted Payments	0.01	-	0.01
Closing Cash in hand as on December 30, 2016	-0.00	3.39	3.39

* For the purposed of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the Notifications of the Government of India, in the Ministry of Finance, Department of Economics Affairs No. S.O. 3417(E), dated November 8,2016.

as reported by the branch or subsidary auditors

51 The Group has an Investment in Gujrat State Machine Tools Corporation Limited being an associate company, the Group had not recognised the same as an associate. Accordingly, on implementation of IND AS the company has accounted as per IND AS 28.

52 The networth of the Group has been substantially eroded. Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared its financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

53 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.

54 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

55 Statutory Group Information

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in total Comprehensive Income		Share in total Comprehensive Income	
	As % of Consolidated net assets	INR Lacs	As % of Consolidated net assets	INR Lacs	As % of Consolidated net assets	INR Lacs	As % of Consolidated net assets	INR Lacs
Parent								
HMT Ltd								
Balance as at 31 March, 2017	-4.37%	20514.87	42.07%	(24126.94)	10.76%	349.61	43.95%	(23777.33)
Balance as at 31 March, 2016	-7.94%	33818.17	10.58%	(3177.24)	-1.15%	(14.60)	11.10%	(3191.84)
Subsidiaries								
1. HMT Machine Tools Ltd								
Balance as at 31 March, 2017	29.42%	(138153.07)	22.79%	(13070.08)	-1.09%	(35.52)	24.23%	(13105.60)
Balance as at 31 March, 2016	29.44%	(125358.51)	34.62%	(10395.79)	-69.93%	(890.43)	39.25%	(11286.22)
2. HMT International Ltd								
Balance as at 31 March, 2017	-0.69%	3229.79	-0.91%	520.58	-0.24%	(7.93)	-0.95%	512.65
Balance as at 31 March, 2016	-0.76%	3248.57	-0.40%	120.85	-0.03%	(0.32)	-0.42%	120.53
3. HMT Watches Ltd								
Balance as at 31 March, 2017	59.65%	(280108.21)	35.14%	(20149.21)	90.33%	2936.07	31.82%	(17213.14)
Balance as at 31 March, 2016	61.70%	(262687.95)	48.53%	(14573.00)	168.08%	2140.28	43.24%	(12432.72)
4. HMT Chinar Watches Ltd								
Balance as at 31 March, 2017	12.58%	(59081.68)	0.19%	(108.40)	0.01%	0.33	0.20%	(108.07)
Balance as at 31 March, 2016	13.90%	(59172.58)	3.69%	(1109.45)	1.05%	13.41	3.81%	(1096.04)
5. HMT Bearings Ltd								
Balance as at 31 March, 2017	3.39%	(15904.36)	0.72%	(411.52)	0.24%	7.79	0.75%	(403.73)
Balance as at 31 March, 2016	3.65%	(15548.45)	2.96%	(888.65)	1.97%	25.04	3.00%	(863.61)
Non-controlling interests in all subsidiaries								
Bal								
ance as at 31 March, 2017	0.02%	(78.03)	0.00%	(2.33)	0.00%	0.00	0.00%	(2.28)
Balance as at 31 March, 2016	0.02%	(75.75)	0.02%	(5.70)	0.00%	0.00	0.02%	(5.54)
Associates (investment as per the equity method)								
Balance as at 31 March, 2017	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Balance as at 31 March, 2016	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Joint ventures (investment as per the equity method)								
SUDMO-HMT Process Engineers (India) Ltd								
Balance as at 31 March, 2017	0.00%	20.52	0.00%	0.33	0.00%		0.00%	0.33
Balance as at 31 March, 2016	0.00%	20.19	0.00%	0.34	0.00%		0.00%	0.34
Total								
Balance as at 31 March, 2017	100.00%	(469560.18)	100.00%	(57347.57)	100.00%	3250.35	100.00%	(54097.22)
Balance as at 31 March, 2016	100.00%	(425756.32)	100.00%	(30028.64)	100.00%	1273.38	100.00%	(28755.26)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2017

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2017 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 these 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 29 August 2017.

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 on 31 March 2017. We conducted a supplementary audit of the financial statements of HMT Limited, subsidiaries, associate companies and jointly controlled entities listed in Annexure but did not conduct supplementary audit of the financial statements of subsidiary HMT Bearings Limited and associate Gujarat State Machine Tools Limited 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 Auditors nor for conduct of supplementary audit. Accordingly, C & AG has neither appointed Statutory Audiotrs nor conducted the supplementary audit of the company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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

(L. Tochhawng)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 17 November 2017

Annexure

Subsidiaries

1. **HMT Machine Tools Limited, Bangalore**
2. **HMT (International) Limited**
3. **HMT Chinar Watches Limited, Jammu & Kashmir**
4. **HMT Watches Limited, Bangalore**