ಎಚ್ಎಂಟಿ ಲಿಮಿಟೆಡ್
(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)
ಎಚ್ಎಂಟಿ ಭವನ
ನಂ. 59, ಬಳ್ಳಾರಿ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 032
ದೂರವಾಣಿ : 91-80-23330333
ಫ್ಯಾಕ್ಸ್ : 91-80-23339111
ಈ-ಮೇಲ್ : cho@hmtindia.com
ವೆಬ್ಸೈಟ್ : www.hmtindia.com

एच एम टी लिमिटेड
(भारत सरकार का उपक्रम)
एच एम टी भवन
59, बेल्लारी रोड ,
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HMT LIMITED
(A Govt. of India Undertaking)
HMT BHAVAN
59, Bellary Road,
Bangalore - 560 032, INDIA
Ph : 91-80-23330333
Fax: 91-80-23339111
E-mail: cho@hmtindia.com
Website : www.hmtindia.com

Secl. S-10

5th October, 2018

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 2017-18

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 2017-18.

This is for your information and record.

Yours faithfully
For HMT Limited

(Kishor Kumar S)
Asst. Company Secretary

Encls: As above

HMT LIMITED

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BOARD OF DIRECTORS*

Shri. S. Girish Kumar	Chairman & Managing Director
Dr. Subhash Chandra Pandey	Director
Shri. Vishvajit Sahay	Director
Shri. Ravindra Singh	Independent Director
Smt. Shashi B. Srivastava	Director, Finance

*As on 09-08-2018

CHIEF FINANCIAL OFFICER

Shri. Bhaskara Gowdar (w.e.f. 29-08-2017 upto 30-06-2018)
Shri C A Hitesh Goyal (w.e.f. 01-07-2018)

COMPANY SECRETARY

Shri. Kishor Kumar S (w.e.f. 08-06-2017)

CHIEF VIGILANCE OFFICER

Shri. Ram Krishna Swarnkar (from 31.03.2017 upto 26.10.2017)
Dr. Mamta Kochar (from 27-10-2017 till date)

STATUTORY AUDITOR

M/s. B. K. RAMADHYANI & Co LLP
Chartered Accountants
4B, Chitrapur Bhavan,
68, 8th Main, Malleshwaram
Bengaluru - 560 055

SECRETARIAL AUDITOR

S. VISWANATHAN
Practicing Company Secretary
Susheel Chandra Apts.
17th A Cross, 10th A Main,
Malleshwaram (W), Bengaluru - 560 055

BANKERS

UCO Bank
Punjab National Bank

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L29230KA1953PLC000748

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B, Plot No. 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad - 500 008

PERFORMANCE HIGHLIGHTS

(₹ in lakhs)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
OPERATING STATISTICS										
Sales	1480	1043	726	6155	7971	10095	16112	20086	19164	16098
Other Income *	1730	1634	10448	3239	30518	4756	4658	5475	1078	1425
Materials	414	267	246	3805	6319	5365	12118	13746	12083	10596
Employee Costs	1194	1026	1106	10334	9030	7070	7499	8371	6762	6367
Other Costs	894	5042	470	2293	11754	4090	2906	3140	3252	4811
Depreciation	25	32	27	367	340	355	440	387	392	340
Earnings before Interest	579	(3728)	9348	-8174	12016	(4135)	735	(16)	(3323)	(5664)
Interest	212	288	297	1836	1434	10403	8955	7908	1968	1234
Earnings/(Loss) before Tax	367	(4016)	9051	(10010)	10582	(14538)	(8220)	(7924)	(5291)	(6898)
Taxation (net off withdrawal/refunds)	-	(1861)	-	-	1861	-	-	-	-	181
Discontinued Operations (Tractors)	(1083)	(21794)	(10765)							
Net Earnings	(717)	(23949)	(1714)	(10010)	8721	(14538)	(8220)	(7924)	(5291)	(7079)
FINANCIAL POSITION										
Net Fixed Assets	1723	1956	2229	2481	2831	3159	3507	3868	4028	4094
Current Assets	18983	18832	9345	64225	67742	68604	70619	65557	72668	71078
Current Liabilities & Provisions	20295	20950	35387	27723	21881	26928	25701	24309	21437	19445
Working Capital	(1311)	(2117)	(26041)	36502	45861	41676	44918	41248	51231	51633
Capital Employed	412	(161)	(23812)	38983	48692	44835	48425	45116	55259	55727
Investments	72042	72029	76425	76425	76390	76556	76556	76556	76556	76571
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	29
Borrowings	58738	47652	15094	13846	11246	82349	71401	59871	62091	57312
Preference Share Capital (PSC)	3686	3686	3686	66000						
Net Worth	10029	20530	33833	35562	113838	39043	53581	61800	69724	74986
OTHER STATISTICS										
Capital Expenditure	10	13	65	8	12	7	81	227	327	681
Internal Resources Generated	(691)	(25778)	(1687)	(9643)	10922	(14183)	(7780)	(7537)	(4899)	(6739)
Working Capital Turnover Ratio	-	-	-	0.17	0.17	0.24	0.36	0.49	0.37	0.31
Current Ratio	0.94	0.90	0.26	2.32	3.10	2.55	2.75	2.70	3.39	3.66
Return on Capital(%)	-	-	-	(18.65)	25.70	(8.87)	1.57	(0.03)	(5.99)	(10.03)
Employees (Nos)	103	118	128	1421	1434	1442	1699	1904	2088	2205
Per Capita Sales	14.37	8.84	5.67	4.33	5.56	7.00	9.48	10.55	9.18	7.30

* 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 65th Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2017-18 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	2017-18	2016-17
Gross Revenue from continuing Operations	1480	1043
Profit Before Depreciation and Finance Costs	603	(4227)
Depreciation	25	32
Gross Profit/(Loss)	578	(4259)
Finance Cost	212	288
Net profit before exceptional Items and PPA	366	(4547)
Add : Exceptional Items	-	531
Less : Prior Period Adjustments		
Net Profit before Tax	366	(4016)
Provision for Tax	-	(1861)
Net Profit After Tax	366	(2155)
Profit/Loss from discontinued operations	(1083)	(21794)
Net Profit/(Loss) for the year	(717)	(23949)
Other Comprehensive Income	512	349
Total Comprehensive Income	(205)	(23600)

BUSINESS SCENARIO:

As per the provisional estimates of national income released by Central Statistics Office on 31st May 2018, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2017-18 is estimated at 6.7 per cent, as compared to the growth of 7.1 per cent in 2016-17.

The growth in Gross Value Added (GVA) at constant basic prices for the year 2017-18 is estimated at 6.5 per cent, as compared to 6.6 per cent in 2016-17. At the sectoral level, agriculture, industry and services sectors grew at the rate of 3.4 per cent, 5.5 per cent and 7.9 per cent respectively in 2017-18.

The growth in overall IIP (with base 2011-12) was 4.9 per cent in April 2018, as compared to a growth of 3.2 per cent recorded in April 2017. The IIP growth during 2017-18, was 4.3 per cent, as compared to growth of 4.6 per cent during 2016-17. Production of eight core infrastructure industries grew by 4.7 per cent in April 2018, as compared to 2.6 per cent in April 2017.

The manufacturing sector grew by 5.2 per cent in April 2018, as compared to the growth of 2.9 per cent in April 2017. The manufacturing sector's growth during 2017-18 was 4.5 per cent, as compared to growth of 4.4 per cent during 2016-17.

Production of eight core infrastructure industries grew by 4.7 per cent in April 2018, as compared to 2.6 per cent in April 2017. During 2017-18, the production in eight core industries grew by 4.3 per cent, as compared to the growth of 4.8 per cent in corresponding period of previous year.

The value of merchandise exports and imports increased by 20.2 per cent and 14.9 per cent respectively in US dollar terms in May 2018. During May 2018, oil imports increased by 49.5 per cent and non-oil imports increased by 6.0 per cent over May 2017.

OPERATING RESULTS:

Company's main business portfolios included product range of Food Processing Machines. The Company recorded a Production of Rs.12.53 Crore (121 Nos of Food Processing Machines) as against Rs. 9.58 Crore (437 Nos of Food Processing Machines), in the previous year, and Sales of Rs 11.32 Crore (107 Nos of Food Processing Machines) compared to Rs 10.14 Crore (excluding Excise Duty) (475 Nos of Food Processing Machines) in the previous year.

Rs. In Cr.

Year	2017-18		2016-17	
	Nos.	Value	Nos.	Value
Production	121	12.53	437	9.58
Sales	107	11.32	475	10.14

Further, consequent upon closure of business operations of HMT Watches Limited, the stock of finished goods (Watches and Watch components) lying at Global Warehouse of HMT Watches Limited was transferred to the Common Service Division of Holding Company and the Company has taken up sale of watches through two Company owned Showrooms as well as through online sales. The sales of watches generated revenues of Rs. 3.45 Crore during the year 2017-18.

The total turnover of the Company for the year 2017-18 stands at Rs. 14.77 Crore as against Rs. 10.14 Crore (excluding Excise Duty) during 2016-17. The PBT for the year 2017-18 is Rs. 3.66 Crore as against loss of Rs. (40.16) Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of Rs.175.20 Crore. Revenue from the operations reported as Rs 202.41 Crore for the year 2017-18 against Rs. 215.36 Crore of previous year. HMT Group incurred loss of Rs.142.13 Crore against previous year loss of Rs. 540.97 Crore.

FUTURE OUTLOOK:

Food Processing Machinery

The contribution of the food processing sector to Gross Value Added (GVA), employment and investments is significant. It is estimated that the gross value of plant and machinery deployed in food processing sector, by the year 2024-25 will be Rs. 344867 Cr.

The sub sector manufacturing dairy products over seven years, from 2008-09 to 2014-15 had a compounded annual growth rate of 13 per cent in fixed capital and 16 per cent in total output. This reflects huge capital deployment in the segment as well as growth in the output for the segment. Projecting the growth of the segment for the next 10 years at the current growth rate of 13 per cent, the investment in fixed capital is estimated to be Rs. 66124 Cr. by the year 2024-25.

The growth of food processing industry is fuelling the demand for equipment for the sector. The Indian food processing market has the presence of most of the global equipment manufacturing companies. Factoring the growth for gross value of dairy plant and machinery at 81 per cent of fixed capital, the expected size of the segment is estimated to be Rs. 53566 Cr. by the year 2024-25.

According to the database of the Department of Commerce, Government of India, India imported Rs. 1092 Cr. worth of food processing plant and machinery in the year 2016-17, out of which the import for dairy sector equipment was Rs. 113 Cr.

Machine Tools Market in India:

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 boost 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 2018-19.

India stands 12th in production and 8th in the consumption of machine tools in the world as per the 2017 Gardner Business Media survey. 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. Sectors like defense and industrial intermediates recorded a good growth in turnover during 2017-18.

The increasing domestic demand which is not currently met by domestic production indicates the vast business potential available within the country for machine tools. Further as per IMTMA during the year 2017-18 there is growth of around 25% in Indian Machine Tools Industry and indications show a good order book going into 2018-19 which augurs well for the industry. IMTMA projected good growth of Automobiles and auto components sectors as well as investments in infrastructure section, hence machine tool industry can expect a healthy growth in the near terms from customer segments such as Defence, Aerospace,

Railways etc in addition to particularly strengthening Machine Tool Industry to meet challenges of disruptions such as additive Manufacturing, EVs etc. This growth in various sectors presents a positive outlook for improving the company's business during 2018-19.

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 Authorized Share Capital of the Company is Rs. 2100 Crore and Paid up equity Share Capital is Rs. 1204.09 Crore (120,40,91,640 equity shares of Rs. 10/- each fully paid up).

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 2017-18, 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)

Every Company having Networth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or a net profit of Rs. 5 Crore or more during the immediately preceding financial year shall constitute the CSR Committee of the Board. The Company does not meet any of these criteria during immediately preceding financial year. Hence, CSR Committee has not been constituted.

ENTERPRISE RISK MANAGEMENT

In order to have a better reporting system on various risk faced by the Company and to assess such risk for taking appropriate action in a timely manner, the Company has in place Guidelines on Risk Management. In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated "Risk Management Policy" on 19.06.2018 and the policy is placed on the Company's website www.hmtindia.com.

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

The Subsidiary achieved Sales of Rs.168.83 Crore against Rs. 176.90 Crore (excluding excise duty) in the previous year and Production attained is of Rs. 163.15 Crore as against Rs. 183.30 Crore, in the previous year. Net loss reported is Rs. 125.42 Crore during the year 2017-18 against reported loss of Rs 127.95 Crore in previous year.

HMT (International) Limited

The Subsidiary achieved a turnover of Rs. 24.95 Crore during the year 2017-18 as against Rs. 23.98 Crore recorded in the previous year 2016-17. New Order procurement during the year is Rs. 36.73 Crore as against Rs. 20.19 Crore achieved in the previous year. Continuing the trend of achieving profits, Subsidiary reported Profit before Tax (PBT) of Rs. 0.01 Crore against Rs. 0.26 Crore reported in previous year.

SUBSIDIARIES UNDER CLOSURE:

As per the CCEA decision, the operations of the subsidiaries namely HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd have been closed. There has been no production during the year. Revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year net loss incurred by HMT Watches Limited is Rs.13.67 Crore and by HMT Bearings Limited is Rs.1.27 Crore. HMT Chinar Watches Limited has achieved profit of Rs. 0.01 Crore.

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 2017-18, this Company showed a Profit after tax of Rs 0.65 Lakhs only on account of the interest income of Rs 3.31 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 2017-18, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

The financial information of each of the subsidiary companies has been furnished as part of the Consolidated Balance Sheet of the Company. Separate audited accounts of the subsidiary Companies will be made available upon request by any member of the Company interested in obtaining the same. The annual accounts and other information of each of the subsidiary companies will be available for inspection by any member at the registered office of the Company & also available at company's website www.hmtindia.com.

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 2017-18.

The employee strength of the Company as on March 31, 2018, stood at 103 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, 2018 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	17
Scheduled Tribes	02
Other Backward Classes	15
Ex-Servicemen	01
Persons with Disabilities	04
Women employees	13
Minorities	06

INDUSTRIAL RELATIONS

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

IMPLEMENTATION OF OFFICIAL LANGUAGE

Continuous efforts are being made by the Company towards implementation of Official Language Act, Rules & Policy as per the directives of the Government to enhance the

levels of usage. The Official Language Implementation Committee have been constituted in all the Units of the Company and its 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. Various competitions in Hindi such as Hindi Story narration, Hindi News Paper Reading, Hindi Quiz, Hindi Conversation, Hindi Antakshari, 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 Officers 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 done 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, Engineering Projects India Limited (EPIL) 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 in a process of adopting E-procurement process.
5. Management is in a process of adopting Integrity Pact.
6. In many of the units / Subsidiary, E-payment mode to suppliers is adopted and compliance level is 30 to 85%.
7. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees.

8. Vigilance Awareness Week 2017 with the theme "**My Vision-Corruption Free India**" 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 2017 to March 2018 is tabulated below:-

Inspection	**Total carried out between April 2017-March 2018 (by Unit Vigilance Officers)**
Periodic Inspection of purchase files	1082
Surprise Inspection	225
Scrutiny of Annual Property Returns	685

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 Auditor. 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, 2018, is also appended.

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 31.03.2018, 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 2017-18 by the Comptroller & Auditor General of India. Two 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. S. Viswanathan, Practicing Company Secretary has 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, Four Board meetings were held and the details are given in Corporate Governance Report.

As stated in the previous year Directors' Report, 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.

Except as stated above, there are no other changes to the composition of Board of Directors of the Company during the financial year.

Smt. Shashi B Srivastava, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

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. Shri. Bhaskara Gowdar, Assistant General Manager – Corporate Finance of the Company as the Chief Financial Officer (CFO) with effect from 29th August, 2017.

Shri. S Girish Kumar, Chairman and Managing Director, Smt. Shashi B Srivastava, Director Finance, Shri. Bhaskara Gowdar, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under the Section 2 (51) of the Companies Act, 2013 during the financial year.

Subsequent to the financial year, the Company has appointed Shri CA. Hitesh Goyal, Deputy Manager (Finance) as Chief Financial Officer of the Company with effect from July 1, 2018 in place of Shri. Bhaskara Gowdar.

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 31st March 2018 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.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

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: 09-08-2018

MANAGEMENT DISCUSSIONS AND DEVELOPMENT

General Economic Environment/Opportunities:

Food processing is considered as one of the fastest growing industries in India. The growth of the industry is supported by the availability of a large raw material production base. In addition, there is a growing demand for processing basic products such as fruits, vegetables and grains which require technologically advanced equipment. Therefore, there is a need to adopt new methods, technology, and machinery for the food processing industry with least impact on sensory qualities such as colour and texture. Food processing is a priority sector for the Indian Government, as well as one of the focus sectors in the "Make in India" initiative.

Therefore, the present scenario of the food processing sector offers a huge opportunity for the global equipment manufacturing firms to set up a manufacturing base for machinery and equipment. The Indian dairy market is amongst the largest and fastest growing markets in the world.

Global industry players in the dairy sub sector such as GEA Group, Tetra Laval, Buhlar, Alfa Laval, Heat and Control and HRS process are the equipment manufacturing companies present in India. These companies are supplying equipment for the processing of products across the value chain of sub-sectors.

The Government of India, particularly the Ministry of Food Processing Industries (MoFPI), as part of the focus sectors under Make in India, is driving the sector's growth by creating an enabling environment for investments through sector-friendly policies and grant-in-aid support for the sector.

The Ministry supports the sector with financial incentives in the form of grants and low-cost credit for the sector that acts as a catalyst and encourages investment.

Sub Sector Policy Actions by the government (Food Processing Machinery):

- To set up good incubation centres to develop better machinery with the assistance of Agro & Food Processing Equipment & Technology Providers Association of India (AFTPAI).
- To impose Zero Duty on equipments and components vital for making final machinery, especially those which are not manufactured in India.
- To provide training facilities for workforce and institute Scholarship Programs.
- To provide export incentives similar to those provided to processed food products manufacturers from Agricultural and Processed Food Products Export Development Authority (APEDA).

The Ministry of Food Processing Industry (MoFPI) is spearheading the initiatives of Government of India in supporting the food processing sector. The Ministry is making all efforts to encourage investments in the sector. It has approved proposals for joint ventures, foreign collaborations; industrial licenses and 100 per cent export oriented units.

FINANCIAL PERFORMANCE

The turnover of the Company for the year 2017-18 was Rs 14.80 Crore with net loss of Rs. 7.17 Crore.

The total borrowing by the Company as on 31.3.2018 was Rs.651.45 Crore of which includes Rs. 641.58 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

- o Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- o Well laid down corporate policies for accounting, reporting and Corporate Governance.

- o Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized , recorded and reported correctly.
- o Process for formulating and reviewing annual and long term business plans have been laid down.
- o Detailed Annual budget giving further break up of monthly targets under various heads.
- o Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- o 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 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.

HUMAN RESOURCES

As on 31.03.2018, the Company and its Subsidiaries (including PTL which stands merged with HMT Machine Tools Ltd) had a total workforce of 1701 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

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				
		2014-15	2015-16	2016-17	2017-18	Total
1	HMT Limited	-	-	850	-	850
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	-	321	492	-	813
4	HMT Chinar Watches Ltd.	-	30	-	-	30
5	HMT Bearings Ltd.	-	37	12	-	49
6	HMT (International) Ltd.	-	-	-	-	-
	Total	-	388	1354	-	1742

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 31.03.2018									
Sl. No.	Units/ Subsidiary	IP AS ON 31-03-2018	Engineering Graduates	Diploma Holders	PROFESSIONALS		ITI/ NAC	General Graduates	Others
					HR	Finance			
1	HMT Limited	103	12	9	4	5	40	14	19
2	HMT M T L	1426	166	272	13	21	595	77	282
3	HMT W L	145	-	-	-	-	-	-	-
4	HMT C W L	0	-	-	-	-	-	-	-
5	HMT BLH	0	-	-	-	-	-	-	-
6	HMT(I) L	27	10	3	2	3	-	8	1
	Total	**1701**	**188**	**284**	**19**	**29**	**635**	**99**	**302**

Note: HMT WATCHES (WG 145) NOT CONSIDERED IN QUALIFICATION DETAILS

PERSONNEL AND INDUSTRIAL RELATIONS

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

REPORT ON CORPORATE GOVERNANCE

I COMPANY'S PHILOSOPHY

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 a "Code of Conduct for Board Members and Senior Management' i.e. Chairman and Managing Directors, all Directors, Executive Directors and General Managers

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, 2018, the Board of Directors comprised of Chairman & Managing Director, Director (Finance), Part-time non official Independent Director and Two part-time Official Directors. Currently the position of 4 part-time Non Official (Independent) Directors is vacant.

Further, as President is the appointing authority for Directors, Government has been requested to appoint Independent Directors to comply with Listing requirements and provisions of Companies Act, 2013

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 2017-18, Four (4) Board Meetings were held on June 8, August 29, November 15 in the calendar year 2017 and February 12 in the calendar year 2018.

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	Chairmanship
S.Girish Kumar	C & MD	4	Yes	7	1	-
Subhash Chandra Pandey	NENI	4	-	6	2	-
Vishvajit Sahay	NENI	3	-	4	1	-
Ravindra Singh	NEI	4	Yes	-	2	2
Shashi B. Srivastava	DFN/ENI	4	Yes	3	2	-

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

No Directors is holding equity shares in the Company as on 31.03.2018

Familiarisation & Training Programmes for Directors

Pursuant to Regulation 25 (7) of the SEBI (LODR) Regulation, 2015, the Directors of the Company are nominated for such programmes. During the financial year, there were no familiarization programmes imparted to Independent Directors.

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

In terms of the provisions of the Companies Act, 2013, Smt. Shashi B Srivastava will be retiring by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM. Further, in terms of Regulation 36(3) of the Listing Regulations, brief resume of the said Director is appended to the notice of the AGM. The Board recommends the re-appointment of the said retiring Director.

III COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

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.

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.

Upon the appointment of one more Non-Official Independent Director on the Board, such Director shall be co-opted as Member of the Audit Committee in place of an existing Member.

In terms of section 177(8) of the Companies Act, 2013, the Board accepted all the recommendations made by the Audit Committee during the year.

The Audit Committee shall comply with the terms of reference as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance.

During the year 2017-18, Four (4) Audit Committee Meetings were held on May 12, August 29, November 14 in the calendar year 2017 and February 12 in the calendar year 2018.

DETAILS OF ATTENDANCE OF MEMBER AT THE AUDIT COMMITTEE MEETING HELD DURING 2017-18

Name of the Member	Category	No of Meetings attended
Shri. Ravindra Singh	NEI	4
Shri. Vishvajit Sahay	NENI	2
Smt. Shashi B. Srivastava	DFN/ENI	4

B. NOMINATION & REMUNERATION COMMITTEE

Being a Government Company, the appointment and fixation of terms and conditions of all Directors (including tenure & remuneration of Functional Directors) are made by the Government of India.

The appointment/remuneration in respect of KMPs and Senior Management Personnel are governed by the policies covered in HMT's personal manual.

As per SEBI (LODR) Regulation, 2015, the Board of Directors of the Company shall constitute the Nomination & Remuneration Committee comprising of atleast three Directors. All the Directors of the Committee shall be non-executive Directors and atleast fifty percent of the Directors shall be Independent Directors. With the existing One Independent Director, constitution of committee does not fulfill the criteria as such on appointment of one more Independent Director on the Board, the Nomination and Remuneration Committee shall be constituted.

Remuneration to Directors

The details of remuneration of whole time Directors are given below

Amount in Rs.

Particulars of Remuneration	Shri S. Girish Kumar	Smt. Shashi B. Srivastava on deputation
Gross salary	26,08,144	30,42,876
Value of perquisites/ Commission/ Stock Option	NIL	NIL
Total	*26,08,144	**30,42,876

**Salary includes gratuity contribution/EL encashment/pension contribution paid*

***Salary includes gratuity contribution/EL encashment/pension contribution paid to parent cadre*

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 2017-18 are given below

(Amount in Rs.)

Name	Sitting Fees paid/payable for Board & Committee Meetings
Sri Ravindra Singh	35000

- 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 Shri S.Girish Kumar, Chairman and Managing Director as a single member to look after transfer/ transmission of shares issued by the Company, issue of duplicate certificates and certificates after split/consolidation/renewal apart from confirmation of dematerialization of shares on transfer to a depository. Four (4) meetings were held during the year 2017-18.

(ii) Name & Designation of the Compliance Officer:

Shri Kishor Kumar S
Company Secretary

(iii) The Stakeholders Relationship Committee of Board /Investors Grievance Committee

To comply the provisions of section 178(5) of the Companies Act, 2013 and Regulation 20(1) of the Listing Regulations, the Board of Directors have constituted the "Stakeholders Relationship Committee" on June 08, 2017. The Committee consist of three Members i.e. Shri. Ravindra Singh, Independent Director, Shri. S Girish Kumar, C & MD and Smt. Shashi B. Srivastava, Director Finance. Chairman of the Committee is an Independent Director. Company Secretary shall be the Convener to the Committee.

During the FY 2017-18, One Meeting was held on 11th August, 2017 & all the members attended the meeting.

The terms of reference would include review and timely redressal of all the security holders Grievances of the Company and carrying out any other function mentioned in the Listing Agreement.

During the year ended March 31, 2018, there were only 23 Complaints received from Shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - NIL

IV GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2014-2015	30.09.2015	10.30 a.m	Registered Office at No.59, Bellary Road, Bangalore-32.
2015-2016	19.12.2016	11.00 a.m	
2016-2017	13.12.2017	10.30 a.m	

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

During 2015-16

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 against the 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) 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.

iii) There were some instances of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges.

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 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 2017-18 has been obtained and was placed before the Board.

X. WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns. The policy provides for adequate safeguards against victimization of Director/s or employee/s and also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The policy is placed on the Company's website www.hmtindia.com

XI GENERAL SHAREHOLDERS INFORMATION

i)	**Annual General Meeting**	28th September, 2018 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, 2017 to March 31, 2018
iii)	Book Closure	21st September, 2018 to 28th September, 2018 (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, Mumbai	HMT

ISIN No. INE 262A01018 IN

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

vi) Share Transfer System

The Share Transfer Committee 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 2017 to March 2018
BSE

Month	High Price	Low Price
Apr-17	48.70	37.75
May-17	49.00	36.80
Jun-17	42.35	36.35
Jul-17	39.00	36.30
Aug-17	37.75	31.00
Sep-17	38.95	32.05
Oct-17	42.00	34.40
Nov-17	45.50	37.05
Dec-17	42.00	37.15
Jan-18	45.25	36.60
Feb-18	39.00	32.40
Mar-18	34.95	27.30

Company :HMT LTD. 500191
Period: Apr 2017 to March 2018
NSE

Month	High Price	Low Price
Apr-17	48.50	37.50
May-17	48.95	37.10
Jun-17	42.00	36.15
Jul-17	39.50	35.65
Aug-17	37.70	31.20
Sep-17	38.50	32.30
Oct-17	41.30	33.60
Nov-17	45.65	37.05
Dec-17	42.20	37.00
Jan-18	45.00	36.70
Feb-18	38.90	32.00
Mar-18	34.65	27.25

ix) Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2018 is given below :

Distribution Schedule As On 31/03/2018 (AMOUNT WISE)

Category	No. of Cases	% of Cases	Amount	% of Amount
1 - 5000	16951	88.29	22042180	0.18
5001 - 10000	1222	6.36	10289490	0.09
10001 - 20000	540	2.81	8303370	0.07
20001 - 30000	162	0.84	4188280	0.03
30001 - 40000	78	0.41	2825160	0.02
40001 - 50000	72	0.38	3430430	0.03
50001 - 100000	95	0.49	7080670	0.06
100001 & Above	79	0.41	11982756820	99.52
Total:	**19199**	**100.00**	**12040916400**	**100.00**

Distribution of Shareholding as on 31/03/2018 (SHARES WISE)

Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1 - 5000	19025	99.09	5107891	0.42
5001 - 10000	95	0.49	708067	0.06
10001 - 20000	37	0.19	509862	0.04
20001 - 30000	19	0.10	467354	0.04
30001 - 40000	4	0.02	148433	0.01
40001 - 50000	4	0.02	183326	0.02
50001 - 100000	8	0.04	585972	0.05
100001 & above	7	0.04	1196380735	99.36
TOTAL:	**19199**	**100.00**	**1204091640**	**100.00**

Shareholding Pattern As On 31/03/2018 (Total)

Description	No. of Cases	Total Shares	% Equity
CLEARING MEMBERS	18	16336	0.00
FOREIGN PORTFOLIO INVESTORS	1	5265	0.00
H U F	466	450873	0.04
INDIAN MUTUAL FUNDS	10	18900	0.00
INSURANCE COMPANIES	1	100	0.00
BODIES CORPORATES	328	68839071	5.72
MUTUAL FUNDS	1	100	0.00
NBFC	4	11460	0.00
NON RESIDENT INDIANS	76	31094	0.00
NON RESIDENT INDIAN NON REPATRIABLE	53	17409	0.00
PROMOTERS	2	1128056626	93.69
RESIDENT INDIVIDUALS	18238	6644396	0.55
TRUSTS	1	10	0.00
Total:	**19199**	**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 2018, 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 Machinery 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.

DISCLOSURE IN BOARD'S REPORT OF HMT LIMITED FOR THE YEAR ENDED 31-03-2018

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	2,280,600	Deputation	IDAS & 29yrs	01/Jul/16	55	PCDA	NIL	-N A-	09/Jun/63
2	S Girish Kumar	Chairman & MD	1,982,051	Permanent	B.Sc(Engg), MBA, PGDCA & 34Yrs	07/Jun/84	57	-	NIL	-N A-	30/Jul/61
3	Patnaik C	General Manager	1,166,873	Permanent	B.Sc(Engg), M.Tech, IIM(B) & 36Yrs	12/Sep/82	59	-	NIL	- N A -	31/May/59
4	Sharma A.K.	Joint General Manager	1,155,081	Permanent	B.Sc(Engg) 33Yrs	29/Aug/85	58	-	NIL	-N A-	01/Mar/60
5	Ram Prasad S	Joint General Manager	1,148,049	Permanent	B E, MBA & 33Yrs	08/Mar/85	56	-	NIL	-N A-	22/Nov/61
6	Ravindra Varma Raja	General Technical Manager	1,112,686	Permanent	BE (Mech), M.BA & 30 Yrs	17/Oct/88	53	-	NIL	-N A-	01/Oct/64
7	Krishna Murthy G	General Manager	1,099,135	Permanent	B E & 34 Yrs	31/Mar/84	58	-	NIL	-N A-	28/Dec/59
8	A.K.Srivastava	General Manager	1,007,030	Permanent	M.Tech. & 32 Yrs	01/May/85	59	-	NIL	-N A-	10/Oct/58
9	Santosh Deshpande	Joint General Manager	1,005,769	Permanent	B E & 33 Yrs	23/Aug/85	58	-	NIL	-N A-	15/May/60
10	S.K.Kadbe	Deputy General Manager	926,876	Permanent	M.Tech. & 24 Yrs	01/Feb/93	52	-	NIL	-N A-	28/Jun/66

Annexure to the Directors Report

1. Conservation of Energy:

Energy Conservation Measures implemented:

- LED Lamps have been installed in offices.
- Two shift working has been introduced in the Machine Shop to conserve electricity.
- Outer peripheral lighting in the factory premises has been replaced with LED lighting with fixtures.

2. Technology absorption:

- Products have been manufactured over the years with the available technology which was inherited through the collaboration agreement with KMA, Arten, then East Germany.

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

- SS Centrifugal Pumps: Well accepted in the market due to its robust design and performance.
- Cream Separators: Very good market for cream separators of capacity 1 kl, 2 kl & 3kl.
- Homogeniser: Homogeniser (manually operated) of capacity 1 kl to 5 kl is well accepted in the market, efforts are being made to introduce the hydraulic version.
- Milk Pasteuriser/Chiller: Presently, market needs design with clip-on-type gaskets & minimum thickness of the plates. In line with the market expectations, the product is being redesigned.
- Cont. Butter Making Machine: Monopoly product, however, automation of this product with CIP system is being worked out to further enhance its acceptance. Development of Salted Butter Making Version can have positive impact on the market.

4. Performance Highlights for the year 2017-18

Operations:

- Order position increased from Rs. 9.5 Crore of previous year to Rs. 21.9 Crore during current year i.e an increase of 142%.
- Received order for 16 nos. of standard continuous butter making machine for the first time.
- Export Order received for Rs. 2.56 Cr.
- One horizontal boring machine has been added to ease critical machining in the Machine Shop.
- New Sheet bending machine is introduced in the press shop for improvement in quality.

Research & Development:

The following research and development is being carried out to improve the performance of the product:

- Introduction of Hydraulic version of Homogeniser of capacity 1 kl to 5 kl.
- Value engineering in SS Centrifugal Pumps to reduce the production cost.
- Development of Cleaning In Place system with PLC programming.

ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2017-18 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
Food Processing Machinery Division, Aurangabad 1) As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9) and 5) amounting to Rs. 317.47 lakhs, stock of raw materials (including stock considered in, raw materials, WIP and FG) are valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were not updated because of which respective stock were valued at Nil. These were later manually updated based on the Purchase Orders available. Owing to the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method followed by the Company.	1) The unit is updating software used for Inventory valuation and all the reports shall be updated without manual feeding. Utmost care is taken to value inventory as per Company valuation policy. i.e. weighted average cost method.
2) With regards to provision for non-moving inventory as stated in Note No.5) amounting to Rs.89.90 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 of the above on the Ind AS standalone financial statements is not ascertainable.	2) As reported above the unit is updating its software for valuing non-moving stock and its 100% valuation without skipping any items. Care shall be taken to get accurate age-wise non moving stock for provision to be made.
Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit) 1) The unit has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although Balances are subject to confirmation and reconciliation if any and the effect on the same on Ind AS Standalone financial statements is not ascertainable.	1) During the previous year the unit has closed its operation. The unit has initiated process of final settlement / payment of trade receivables, trade payables, loans and advances after reaching final settlement with respective party is already under process and expected to complete in ensuing year. Any impact can only be ascertained only if complete account reconciliation is done by respective parties. However, adequate provisions have already been made, wherever required.

Corporate Head Office, Bangalore 1) 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 as a whole has not obtained the actuarial valuation report and accounted for employer's contribution. Effect on the same on Ind AS Standalone financial statements is not ascertainable.	1) 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. 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 our efforts are being made to compile the required information for the purpose of a actuarial valuation.
Common Services Division, Bangalore Attention is invited to note 45 in respect of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same.	Reconciliation of GST on sales and input tax credit availed will be carried out duing 2018-19 and necessary entries will be passed on completion of the same.

For and on behalf of the Board of Directors

(S.Girish Kumar)
Chairman & Managing Director

Date : 09-08-2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2018

[*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	77
2	Retail sale of watches	52391	23

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidary/ Joint Venture/ Associate	% of shares held	Applicable Section
1	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary	100	2 (87)
2	HMT Watches Limited	U33301KA1999PLC025573	Subsidiary	100	2 (87)
3	HMT Chinar Watches Limited	U29190JK2000PLC002088	Subsidiary	100	2 (87)
4	HMT Bearings Limited	U29130TG1964FLC001023	Subsidiary	99.37	2 (87)
5	HMT (International) Limited	U33309KA1974PLC002707	Subsidiary	100	2 (87)
6	SUDMO-HMT Process Engineers (India) Limited	U05190KA1998PLC024253	Joint Venture	50	2 (6)
7	Gujarat State Machine Tools Corporation Limited	U29220GJ1975SGC002669	Associate	39.86	2 (6)

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	0	0	0	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

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)
(e)	Insurance Companies	0	100	100	0.00	0	100	100	0.00	0.00
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital 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) :	**5365**	**19000**	**24365**	**0.00**	**5365**	**19000**	**24365**	**0.00**	**0.00**
(2)	NON INSTITUTIONS									
(a)	Bodies Corporate	68961692	800	68962492	5.73	68838271	800	68839071	5.72	-0.01
(b)	Individuals									
(i)	Individual holding nominal share capital upto Rs. 1 lakh	5632676	109747	5742423	0.48	5262116	108649	5370765	0.45	-0.03
(ii)	Individual holding nominal share capital in excess of Rs 1 lakh	1157029	0	1157029	0.10	1724504	0	1724504	0.14	0.05
(c)	Others									
	CLEARING MEMBERS	17039	0	17039	0.00	16336	0	16336	0.00	0.00
	NBFC	10870	0	10870	0.00	11460	0	11460	0.00	0.00
	NON RESIDENT INDIANS	100690	0	100690	0.01	31094	0	31094	0.00	-0.01
	NRI NON-REPATRIATION	20096	0	20096	0.00	17409	0	17409	0.00	0.00
	TRUSTS	10	0	10	0.00	10	0	10	0.00	0.00
(d)	**Qualified Foreign Investor**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Sub-Total B (2):	**75900102**	**110547**	**76010649**	**6.31**	**75901200**	**109449**	**76010649**	**6.31**	**0.00**
	Total B = B (1)+B(2)	**75905467**	**129547**	**76035014**	**6.31**	**75906565**	**128449**	**76035014**	**6.31**	**0.00**
	Total (A+B) :	760220593	443871047	1204091640	100	760221691	443869949	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)	**760220593**	**443871047**	**1204091640**	**100**	**760221691**	**443869949**	**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 Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Share holding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	5.61	31/03/2017			67538614	5.61
				31/03/2018			67538614	5.61
2	RAVIRAJ DEVELOPERS LTD	392208	0.03	31/03/2017			392208	0.03
				14/04/2017	293	Sale	391915	0.03
				28/04/2017	21248	Sale	370667	0.03
				05/05/2017	24534	Purchase	395201	0.03
				12/05/2017	6150	Sale	389051	0.03
				19/05/2017	4500	Purchase	393551	0.03
				26/05/2017	73643	Purchase	467194	0.04
				09/06/2017	2166	Purchase	469360	0.04
				16/06/2017	2422	Purchase	471782	0.04
				30/06/2017	115723	Purchase	587505	0.05
				07/07/2017	7500	Purchase	595005	0.05
				08/09/2017	5200	Purchase	600205	0.05
				15/09/2017	12837	Purchase	613042	0.05
				03/11/2017	25949	Sale	587093	0.05
				10/11/2017	356586	Sale	230507	0.02
				17/11/2017	1175	Sale	229332	0.02
				08/12/2017	8614	Purchase	237946	0.02
				12/01/2018	6286	Purchase	244232	0.02
				31/03/2018			244232	0.02
3	DARSHAN FINANCIAL SERVICES PRIVATE LTD	118061	0.01	31/03/2017			118061	0.01
				07/04/2017	5500	Sale	112561	0.01
				21/04/2017	1200	Purchase	113761	0.01

Sl.No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Share holding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				28/04/2017	8300	Purchase	122061	0.01
				05/05/2017	11800	Sale	110261	0.01
				12/05/2017	3000	Sale	107261	0.01
				23/06/2017	100069	Sale	7192	0.00
				15/09/2017	17213	Purchase	24405	0.00
				06/10/2017	5000	Purchase	29405	0.00
				03/11/2017	18720	Purchase	48125	0.00
				10/11/2017	125282	Purchase	173407	0.01
				17/11/2017	71418	Purchase	244825	0.02
				24/11/2017	144737	Purchase	389562	0.03
				08/12/2017	49634	Purchase	439196	0.04
				15/12/2017	37972	Purchase	477168	0.04
				22/12/2017	3000	Purchase	480168	0.04
				05/01/2018	32100	Sale	448068	0.04
				16/03/2018	300000	Sale	148068	0.01
				30/03/2018	148068	Sale	0	0.00
				31/03/2018			0	0.00
4	UDAYANKUMAR N KOTHARI	104168	0.01	31/03/2017			104168	0.01
				06/10/2017	9044	Purchase	113212	0.01
				13/10/2017	2010	Purchase	115222	0.01
				03/11/2017	3319	Purchase	118541	0.01
				22/12/2017	12427	Purchase	130968	0.01
				29/12/2017	1000	Purchase	131968	0.01
				16/03/2018	5102	Purchase	137070	0.01
				31/03/2018			137070	0.01
5	UMESH CHANDULAL GANDHI	85900	0.01	31/03/2017			85900	0.01
				22/12/2017	838	Purchase	86738	0.01
				31/03/2018			86738	0.01
6	ATRUN FISCAL PVT LTD	78840	0.01	31/03/2017			78840	0.01
				15/09/2017	1529	Purchase	80369	0.01
				29/09/2017	3000	Purchase	83369	0.01
				27/10/2017	1000	Purchase	84369	0.01
				03/11/2017	9733	Purchase	94102	0.01
				10/11/2017	1155	Purchase	95257	0.01
				31/03/2018			95257	0.00
7	DILIPKUMAR LAKHI	78602	0.01	31/03/2017			78602	0.01
				31/03/2018			78602	0.01
8	PRADEEPKUMAR GHISULAL RATHOD	55000	0.00	31/03/2017			55000	0.00
				11/08/2017	3460	Purchase	58460	0.00
				31/03/2018			58460	0.00
9	UDAYANKUMAR N KOTHARI	53093	0.00	31/03/2017			53093	0.00
				02/02/2018	400	Purchase	53493	0.00
				31/03/2018			53493	0.00
10	NEETA U KOTHARI	45383	0.00	31/03/2017			45383	0.00
				24/11/2017	553	Purchase	45936	0.00
				31/03/2018			45936	0.00

iv) 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 01.04.2017				
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**	**57646.52**	**-**	**57948.58**
Change in Indebtedness during the financial year				
- Addition	-	9937.99	-	9937.99
- Reduction	302.06	430.00	-	732.06
Net Change	**302.06**	**9507.99**	**-**	**9205.93**
Indebtedness at the end of the financial year 31.03.2018				
i) Principal Amount	-	65144.51	-	65144.51
ii) Interest due but not paid	-	2010.00	-	2010.00
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**67154.51**	**-**	**67154.51**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director:

S.No.	Particulars of Remuneration	Shri S. Girish Kumar (Chairman & Managing Director)	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	2608144 - -	3042876 - -	5651020 - -
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of profit - others, specify	-	-	
5	Others - Medical	-	-	
	Total (A)	2608144	3042876	5651020
	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 requisite number of 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	35000	35000
- Commission	0	0
- Others, please specify	0	0
Total (1)	35000	35000
Other Non-Executive Directors		
Particulars of Remuneration		
Total (2)		
Total (B)=(1+2)	35000	35000
Total Managerial Remuneration	35000	35000
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		
		Chief Financial Officer	Company Secretary	Total (Rs.)
1.	Gross salary(a)Salary as per provisions contained in section 17(1) of the Income -tax Act,1961	1046763	751966	1798729
	(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		-	-
2.	Stock Option		-	-
3.	Sweat Equity		-	-
4.	Commission- as % of profit-others, specify…		-	-
5.	Others, please specify		-	-
	TOTAL	**1046763**	**751966**	**1798729**

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 : 09-08-2018

(S.Girish Kumar)
Chairman & Managing Director

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2018

[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 2018(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 2018 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:

- Contracts Act, 1982
- Transfer of Property Act
- Intellectual Property Laws
- Trade Marks Act, 1999
- The Patents Act, 1970
- Indian Copyright Act, 1957 and Copyright Rules 1957
- The Design Act, 2000
- Environmental Laws
- Labour Laws, Rules and Regulations applicable to the employees of the Company, including Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 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 2018 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 constituted the Remuneration and Nomination Committee.
- The Company has not submitted to the Stock Exchanges, Consolidated Audited Financial Statements for the financial year 2016-17, 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 has submitted an application to NCLT for reduction of paid up share capital from Rs.1204.09 Crores to Rs. 355.60 Crores and the matter is pending before NCLT.

I further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Women Director except independent 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.

S VISWANATHAN
Company Secretary
C P No. 5284 ACS No. 5284

Place: Bengaluru
Date: 05-07-2018

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.

Place: Bengaluru
Date: 05-07-2018

S. VISWANATHAN
Company Secretary
C P No. 5284 ACS No. 5284

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)	(150695.27)*	3187.88	(281475.59)	(59080.21)	(16133.82)
7.	Total assets	33587.74	4663.18	5009.37	604.35	1882.00
8.	Total Liabilities	156623.09	1403.30	285835.95	59518.56	14244.91
9.	Investments	-	-	-	-	53.63
10.	Turnover	17708.47	2494.51	424.07	0.00	259.00
11.	Profit before taxation	(12542.19)	19.29	(1367.38)	1.46	(127.38)
12.	Provision for taxation	-	(7.79)	-	-	-
13.	Profit after taxation	(12542.19)	27.08	(1367.38)	1.46	(127.38)
14.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
15.	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.36%

*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

(Rs. in Lakhs)

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	31.03.2017	31.03.2018
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 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 2017-18 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

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 2018 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 are 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 constituted the Nomination and Remuneration Committee***	*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.*
3	***The Company has not submitted to the Stock Exchanges, Consolidated Audited Financial Statementsfor the financial year 2016-17, 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.*

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
		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*
4	***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.*

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, 2018, 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 Regulations during t he year ended March 31, 2018

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 9, 2018

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, 2018.

(S.Girish Kumar)
Chairman & Managing Director

Place: New Delhi
Date: 9th August, 2018

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 2017-18 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

Report on the Ind AS Standalone Financial Statements:

On completion of audit of accounts of HMT Limited ("the Company) for the year 2017 – 2018, we had rendered our audit report dated June 19, 2018. 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; two observations have been added in Matter of Emphasis in respect of Tractor Business Group, Pinjore.We have audited the accompanying Ind AS standalone financial statements of HMT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 there under.

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 there under.

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 5) amounting to Rs. 317.47 lakhs, stock of materials (including stock considered in, raw materials, WIP and FG) are valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were not updated because of which respective stocks were valued at Nil. These were later manually updated based

on the Purchase Orders available. Owing to the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method followed by the Company.

b) With regards to provision for non-moving inventory as stated in Note No.5) amounting to Rs.89.90 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 of the above on the Ind AS standalone financial statements is not ascertainable.

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

The unit has sought confirmations of most of Trade Receivables, Trade Payables, Loans & Advances, although Balances are subject to confirmation and reconciliation if any and the effect on the same on Ind AS Standalone financial statements is not ascertainable.

3. Common Services Division:

Attention is invited to note 45 in respect of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same.

3. Corporate Head Office ("CHO"):

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 as a whole has not obtained the actuarial valuation report and accounted for employer's contribution. Effect on the same on Ind AS Standalone financial statements is 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 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, 2018, and its profits (financial performance including other comprehensive income), the changes in the equity and the cashflows for the year ended on that date.

Emphasis of Matter:In respect of the Company as a whole:

Attention of the members is invited to note 45 of the standalone financial statements regarding reasons for preparing these standalone Ind AS financial statements of the Company on going concern basis, notwithstanding the fact that the net worth of the Company is completely eroded. The appropriateness of the said basis is inter alia 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.

In respect of Tractor Business Group, Pinjore:

i) During the year, the Company has received certain claim of Rs.2,975.66 lacs from six vendors who are reported as Micro, Small & Medium Enterprises as defined in Micro, Small & Medium Enterprises Act, 2006 which has not been reported in the aforesaid standalone financial statements as contingent liabilities.

ii) Subsequent to year end the Companyhas entered into Settlement Agreement with Government of Haryana towards mutation of the land of 846.43 acres, which was gifted to HMT Ltd in the year 1962 by the erstwhile Government of Punjab. HMT Ltd decided to withdraw the pending legal cases against each other. Further, HMT Ltd shall receive Rs.24,164.86 lakh from Haryana State Industrial Infrastructure Development Corporation (HSIIDC) for handing over the possession of land of 446.00 acres. HMT Limited shall also receive compensation for the land of 4.98 acres acquired by Haryana State Irrigation Department (HSID) and for the land of 12.80 acres acquired by National Highway Authority of India (NHAI) which has not been reported in the aforesaid standalone financial statements.

Our report has not been modified in this respect.

Other Matters:

i) We did not audit the financial statements/information of 2 units i.e. Tractor Business Group, Pinjore and Food Processing Machinery Unit, Aurangabad included in these standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 9,159.13lakhs as at March 31, 2018 and total revenues of Rs. 6,083.50 lakhs (including amount included in discontinued operations of Rs.4,948.82 lakhs) for the year ended on that date. The financial statements/ information of these branches has been audited by the branch auditors i.e. Goel Subhash & Associates, Chartered Accountants, Ambala Cantt and CA AG & Associates, Chartered Accountants, Aurangabad 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.

ii) 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.67.84 lakhs towards due to Greater Hyderabad Municipal Corporation and Commercial Tax Officer, Hyderabad. Further, the Company has expensed off other advances amounting to Rs.9.42 lakhs and reversal of liability no longer required amounting to Rs.235.11 Lakhs.

iii) 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, 2018.

iv) 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.

v) The Company has made a provision for non-moving inventories amounting to Rs.618.43 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.12,831.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management. Out of the above amount, an amount of Rs.10,873.60 lakhs has been shown as continuous defaults of Government of India Loans.

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 previous 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 (₹ In lakhs)	Remarks
Amount due to PWD	22.18	Due for more than 10 years
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.317.47 lakhs and provision for non-moving inventory amounting to Rs. 89.90 Lakhs.

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

c. The Unit has sought the confirmation of balances from parties with whom it has transactions (trade payables & trade receivables) which are subject to confirmation.

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. The Company being a Government Company, provisions of 164 (2) of the Act is not applicable with respect to appointment of directors.

   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.

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

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

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

(CA C R Deepak)
Partner
Membership No. 215398

Place: Bangalore
Date: August 30, 2018

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) Based on the information of explanation given to us by the Company, physical verification if carried out once in 3 years. However, during the year none of the units have carried out such verification. Accordingly, we are unable to comment on the same.

   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 2017 – 18 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.

   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, GST 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, 2018 for a period of more than six months from the date they become payable.

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	86.47	For the year 2016 – 17 and first half of 2017 - 18		
2.	Sales Tax of various states	Sales tax recovery of Lamps Division	62.93	Previous Years		

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.

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Amount paid under protest (INR)	Period to which the amount relates	Forum where dispute is pending
Sales tax	Sales tax liability	2.49	Nil	2012-13	Deputy Commissioner of Sales Tax, Aurangabad

8. Based on the information and explanations given to us, the Company had borrowed from Dena Bank and has defaulted in repayment of loan amounting to Rs.986.50 lakhs and interest of Rs.2,010 lakhs.The Company has also defaulted in repayment of Government of India Loan amounting to Rs.10,873.60 Lakhs. However, it has not borrowed any amount from financial institution or issued the debentures.

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 Indian 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: August 30, 2018

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, 2018 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 March 31, 2018, 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 March 31, 2018, 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 Corporate Head Office, Bangalore, Common Services Division, Bangalore and Tractor Division, Pinjore:

The system of internal financial controls over financial reporting with respect of Tractor Division, Pinjore, Common services division 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 March 31, 2018.

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: August 30, 2018

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 2017 – 2018 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.90.78 lakhs for obsolescence for inventories, Rs. 25.78 lakhs towards trade receivables, Rs.179.93 lakhs towards interest on trade receivables and Rs.12.29 lakhs for loans & advances. The total outstanding balances in provision accounts as at March 31, 2018 is as under: Provision for obsolescence for inventories – Rs.618.43 lakhs, Rs.5,915.60 lakhs towards trade receivables, Rs.5,808.56 lakhs towards doubtful interest on trade receivables and Rs.136.40 lakhs towards doubtful advances.
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 2018

The preparation of financial statements of HMT Limited, Bangalore for the year ended 31 March 2018 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 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 Revised Audit Report dated 30 August 2018 which supersedes their earlier Audit Report dated 19 June 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Limited, Bangalore for the year ended 31 March 2018 under Section 143(6)(a) of the Act. 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.

In view of the revisions made in Statutory Auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under Section 143 (6) (b) of the Act.

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: 30 August 2018

STANDALONE SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2018

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.

The standalone financial statements were authorised for issue in accordance with resolution of the directors dated June 19, 2018.

2. Significant Accounting Policies:

i) Basis of preparation:

The financial statements have been prepared to comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 ("the Act"), read the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company and other provisions of the Act.

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 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 consist 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 to complete the sale/ distribution should indicate that it is unlikely that significant changes 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-transitcomprises 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 cashflow 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 lumpsum 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 alltrade 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. 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 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.

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STANDALONE FINANCIAL STATEMENTS

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,436.50	1,645.37
Investment Property	3B	274.07	299.58
Financial assets			
Investments	4	72,042.26	72,029.30
Other Assets	10	48.21	-
		73,801.04	**73,974.25**
Current assets			
Inventories	5	1,966.84	1,858.38
Financial assets			
Trade Receivables	6	441.14	594.68
Cash and cash equivalents	7	14,366.89	13,621.64
Loans	8	163.54	154.78
Other Financial Assets	9	191.08	4.20
Other Assets	10	1,805.60	2,598.52
		18,935.09	**18,832.20**
Non Current Assets Held for Sale	3C	11.50	11.50
		11.50	**11.50**
TOTAL ASSETS		**92,747.63**	**92,817.95**
EQUITY AND LIABILITIES			
Equity			
Share Capital	11	120,409.16	120,409.16
Other equity	12	(110,380.23)	(110,175.59)
Total equity		**10,028.93**	**10,233.57**
Non-current liabilities			
Financial liabilities			
Borrowings	13	32,035.86	33,198.11
Non-current financial liability	14	8,416.95	10,296.29
Provisions			
Provision for Employee Benefits	15	264.87	1,057.81
		40,717.68	**44,552.21**

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
Current liabilities			
Financial liabilities			
Borrowings	13	-	732.06
Trade payables	16	333.95	1,617.54
Other financial liabilities	17	30,387.70	17,408.12
Other Current Liabilities	18	10,979.28	16,349.84
Provisions			
Provision for Employee Benefits	15	246.68	1,713.09
Others	19	53.41	211.52
		42,001.02	**38,032.17**
Total liabilities		**82,718.70**	**82,584.38**
TOTAL EQUITY AND LIABILITIES		**92,747.63**	**92,817.95**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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 STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
CONTINUING OPERATIONS			
Sale of goods (including excise duty)		1441.46	1,012.54
Rendering of services		38.37	30.46
Revenue from operations	20	**1,479.83**	**1,043.00**
Other income	21	1729.79	1,103.00
Total Income		**3,209.62**	**2,146.00**
EXPENSES			
Cost of raw materials consumed	22	413.85	266.98
Purchase of Stock In Trade	22A	404.47	-
Changes in inventories of finished goods, work-in-progress and traded goods	23	(303.95)	7.50
Excise duty on goods sold during the year		2.98	29.28
Changes in Excise Duty on Fin. Goods	24	0.91	2.48
Employee benefits expense	25	1194.14	1,026.04
Depreciation and amortization expense	26	25.12	31.57
Finance costs	27	211.58	287.92
Other expenses	28	893.98	5,041.71
Total expense		**2,843.08**	**6,693.48**
Profit/(loss)before exceptional items and tax from continuing operations		**366.54**	**(4,547.48)**
Exceptional items	29	-	531.05
Profit/(loss)before and tax from continuing operations		**366.54**	**(4,016.43)**
(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		**366.54**	**(2,154.98)**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations		(1,082.94)	(21,794.22)
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**(1,082.94)**	**(21,794.22)**
Profit/(loss) for the year		**(716.40)**	**(23,949.20)**

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
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		498.80	349.61
Revaluation of land and buildings			
Net (loss)/gain on FVTOCI equity Securities		12.96	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**511.76**	**349.61**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(204.64)**	**(23,599.59)**
Earnings per share for continuing operations			
i) Basic, profit from continuing operations attributable to equity holders of the parent		0.03	(0.18)
ii) Diluted, profit from continuing operations attributable to equity holders of the parent		0.03	(0.18)
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders of the parent		(0.09)	(1.81)
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent		(0.09)	(1.81)
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders of the parent		(0.06)	(1.99)
ii) Diluted, profit for the year attributable to equity holders of the parent		(0.06)	(1.99)

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in lakhs)

A. EQUITY SHARE CAPITAL

Balance as at 1 April 2016	**1,20,409.16**
Changes in the Equity Share Capital during the year	-
Balance as at 31 March 2017	**1,20,409.16**
Changes in the Equity Share Capital during the year	-
Balance as at 31 March 2018	**1,20,409.16**

B. Other Equity

(Rs. in lakhs)

	Reserves and Surplus			Other Comprehensive Income		
	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	Other Items	Total equity attributable to equity holders of the Company
Balance as of 1st April 2016	-	13,453.11	(97,896.69)	35.31	(2,167.73)	(86,576.00)
GoI Grant (GoI Loan)						0.00
Discontinued operations			(21,794.22)			(21,794.22)
Remeasurement of the net defined benefit liability/asset, net of tax effect					349.61	349.61
Dividends including (DDT)						0.00
Total Comprehensive Income for the year			(2,154.98)			(2,154.98)
Balance as at 31 March 17	**-**	**13,453.11**	**(121,845.89)**	**35.31**	**(1,818.12)**	**(110,175.59)**
GoI Grant (GoI Loan)						0.00
Discontinued operations			(1,082.94)			(1,082.94)
Remeasurement of the net defined benefit liability/asset, net of tax effect					498.80	498.80
Dividends including (DDT)						0.00
Total Comprehensive Income for the year			366.54	12.96		379.50
Balance as at 31 March 18	**-**	**13,453.11**	**(122,562.29)**	**48.27**	**(1,319.32)**	**(110,380.23)**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
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Company Secretary

Bhaskara Gowdar
Chief Financial Officer

STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	Year ended 31-03-2018	Year ended 31-03-2017
Operating activities		
Profit/(loss) before tax from continuing operations	366.54	-4,016.43
Profit/(loss) before tax from discontinued operations	-1,441.81	-27,493.06
Profit before tax	**-1,075.27**	**-31,509.49**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	218.66	250.60
Depreciation of investment properties	25.51	26.12
Provision of loss in value of Equity	-	4,395.87
Adjustment in Depreciation passed to P/L	-	9.49
Gain on disposal of property, plant and equipment	-3.79	-10.51
Loss on disposal of property, plant and equipment		-
Finance income	-796.42	-216.69
Finance costs	4,076.11	2,529.95
Waiver of Government of India Loan	-	-9,058.38
Dividend received from subsidiaries	-	-14.40
Working capital adjustments:		
Movements in provisions, gratuity and government grants	-1,559.79	-2,481.64
Increase in trade and other receivables and prepayments	821.90	2,551.41
Decrease in inventories	-108.46	663.82
Increase in trade and other payables	-6,654.14	-3,763.63
	-5,055.69	-36,627.48
Income tax paid/reversed	-119.29	2.54
Net cash flows from operating activities	**-5,174.98**	**-36,624.94**
Investing activities		
Proceeds from sale of property, plant and equipment	3.79	10.51
Purchase of property, plant and equipment	-9.79	-13.08
Dividend received from subsidiaries	-	14.40
Interest received	796.42	216.69
Net cash flows used in investing activities	**790.42**	**228.52**
Financing activities		
Interest Paid	-3,928.13	-2,381.98
Proceeds from borrowings	9,790.00	54,368.00
Repayment of borrowings	-732.06	-2,884.06
Net cash flows from/(used in) financing activities	**5,129.81**	**49,101.96**

STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

	Year ended 31-03-2018	Year ended 31-03-2017
Net increase in cash and cash equivalents	745.25	12,705.54
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	13,621.64	916.10
Cash and cash equivalents at year end	**14,366.89**	**13,621.64**

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 : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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

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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 STANDALONE 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
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)**
Revaluation recognised in OCI								**0.00**
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**
Additions		0.12	6.34	2.89	0.44			**9.79**
Transferred to Investment Property								**0.00**
Disposals			(14.96)					**(14.96)**
Revaluation recognised in OCI								**0.00**
Transfer to Non Current Assets held for Sale								**0.00**
At 31 March 2018	**158.19**	**671.74**	**10,942.38**	**477.31**	**623.99**	**134.11**	**17.09**	**13,024.81**
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/Adjustment			(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**
Depreciation charge for the year		11.53	188.12	1.65	17.30		0.06	**218.66**
Disposals/Adjustment			(14.96)					**(14.96)**
Transferred to Investment Property								**0.00**
At 31 March 2018	**-**	**301.17**	**10,064.40**	**469.30**	**609.57**	**134.11**	**9.76**	**11,588.31**
Net book value								
At 31 March 2018	**158.19**	**370.57**	**877.98**	**8.01**	**14.42**	**-**	**7.33**	**1,436.50**
At 31 March 2017	**158.19**	**381.98**	**1,059.76**	**6.77**	**31.28**	**-**	**7.39**	**1,645.37**

Net book value	**31/3/2018 Amount**	**31/3/2017 Amount**
Plant Property and Equipment	1,436.50	1,645.37
Capital work in progress		

Additional Information:

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

Land:

(b) 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:

(c) 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

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**
Additions	-
Less: Non Current Assets Held for Sale	-
Closing balance at 31 March 2018	**1,456.33**
Depreciation and impairment	
Closing balance at 31 March 2016	**186.64**
Depreciation	26.12
Deduct/adjustment	943.99
Closing balance at 31 March 2017	**1,156.75**
Depreciation	25.51
Deduct/adjustment	-
Closing balance at 31 March 2018	**1,182.26**
Net Block	
at 31 March 2018	**274.07**
at 31 March 2017	**299.58**

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. However, based on the guidance value, the fair value of the investment property as at March 31, 2018 is Rs.2,26,211.65 Lakhs

iii) Land:

(a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 821.62 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 Re. 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 4.98 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 12.80 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

	31-Mar-18 INR Lacs	31-Mar-17 INR Lacs
Additional Information:		
Information regarding income and expenditure of Investment property		
Rental income derived from investment properties	0.00	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	(7.43)	(113.65)
Profit/(loss) arising from investment properties before depreciation and indirect expenses	**(7.43)**	**30.25**
Less – Depreciation		26.12
Profit arising from investment properties before indirect expenses	**(7.43)**	**4.13**

C. Non Current Assets Held for Sale **(Rs. in Lakhs)**

	As at 31-Mar-18	As at 31-Mar-17
Nature of Asset		
Land	11.50	11.50
Total	**11.50**	**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 18-19.

(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 18-19 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 18-19.

(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-18	As At 31-Mar-17
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-17: 1,60,800) Equity shares of ₹ 10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	64.35	51.39
	30,00,000 (31-Mar-17: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria		-
	Total FVTOCI investments	**64.35**	**51.39**
	Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture		
	Investments in Joint Venture		
	1,50,000 (31-Mar-17: 1,50,000) Equity shares of ₹ 10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	15.00	15.00
	Investments in Associates		
	20,84,050 (31-Mar-17: 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-17: 7,20,000) Equity Shares {including 6,90,000 (31-Mar-17: 6,90,000) Bonus Shares} of ₹ 10 each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00
	3,74,68,586 (31-Mar-17: 3,74,68,586) Equity Shares of ₹ 10 each fully paid up in HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
	27,65,99,137 (31-Mar-17: 27,65,99,137) Equity Shares of ₹ 10 each fully paid up in HMT Machine Tools Ltd, Bangalore	27,659.91	27,659.91
	64,90,100 (31-Mar-17: 64,90,100) Equity Shares of ₹ 10 each fully paid up in HMT Watches Ltd, Bangalore	649.01	649.01
	16,60,100 (31-Mar-17: 16,60,100) Equity Shares of ₹ 10 each fully paid up in HMT Chinar Watches Ltd, Jammu	166.01	166.01
	Total Investment in Equity instruments in subsidiaries and Joint Venture	**32,239.79**	**32,239.79**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-Mar-18	As At 31-Mar-17
Investments in Preference Shares		
Investment in Subsidiaries		
4,43,00,000 (31-Mar-17: 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
Total Investment in Preference Shares	**44,300.00**	**44,300.00**
Total	**76,604.14**	**76,591.18**
Less : Allowance for Investments in Subsidiaries		
HMT Chinar Watches Ltd, Jammu	166.01	166.01
HMT Watches Ltd, Bangalore	649.01	649.01
HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
	4,561.88	**4,561.88**
Total Investments	**72,042.26**	**72,029.30**
Current		
Non Current	**72,042.26**	72,029.30
Aggregate amount of unquoted investments	64.35	51.39
Aggregate amount of impairment in value of investments	4,561.88	4,561.88

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-18	As At 31-Mar-17
5.	**Inventories**		
	Raw Materials and Components	746.51	753.77
	Material and Components in Transit	-	-
	Work-in-Progress	640.36	717.46
	Finished Goods	282.71	286.34
	Stock in Trade	567.39	305.57
	Stores and Spares	43.50	37.26
	Tools and Instruments	285.39	292.39
	Scrap	19.41	19.41
		2,585.27	**2,412.20**
	Less: Provision for Non-moving Inventories	618.43	553.82
		1,966.84	**1,858.38**
6.	**Trade Receivables**		
	Secured, considered good	-	-
	Unsecured, considered good	441.14	594.68
	Doubtful	5,915.60	5,938.46
		6,356.74	**6,533.14**
	Allowance efor doubtful debts		
	Unsecured, considered doubtful	5,915.60	5,938.46
		441.14	**594.68**
	Trade Receivables exceeding 6months from the date they are due for payment	359.28	403.52
	Trade Receivables less than 6 months from the date they are due for payment	81.86	191.16

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.

7.	**Cash and Cash equivalents**		
	Balances with banks:		
	– On current accounts	511.39	6,468.33
	– On Deposits accounts less than 12 months of maturity	13,855.23	7,152.81
	Cash and Cheques on hand	0.27	0.50
		14,366.89	**13,621.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
8.	**Loans**		
	Unsecured		
	Loans to subsidiaries		
	Considered Good		
	HMT Machine Tools Ltd	163.54	154.78
	Total	**163.54**	**154.78**
9.	**Other Financial Assets**		
	Current		
	Interest accrued and due	191.08	4.20
		191.08	**4.20**
10.	**Other Assets**		
	Non-Current		
	Gratuity Fund (Net)	48.21	-
	Capital Advances	-	-
		48.21	-
	Current		
	Advances to subsidiary companies		
	HMT Machine Tools Ltd	731.79	622.68
	HMT International Ltd	84.51	-
		816.30	**622.68**
	Advances other than Capital Advances		
	Advances recoverable in cash or in kind		
	Secured		
	Considered Good	0.50	0.49
	Unsecured		
	Considered Good #	620.37	1,496.09
	Considered Doubtful	136.40	124.27
		757.27	**1,620.85**
	Less: Allowance for Doubtful Advances	136.40	124.27
		620.87	**1,496.58**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-Mar-18	As At 31-Mar-17
Interest on Trade Receivable	5,940.36	5,945.92
Less: Allowance for interest on Trade Receivable	5,808.56	5,629.84
	131.80	**316.08**
Advance payment of tax (net of provision)	159.40	40.11
Collector of customs	4.14	3.48
Deposits	73.09	119.59
	1,805.60	**2,598.52**
Total Other Assets	**1,853.81**	**2,598.52**

*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-18		As at 31-Mar-17	
	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*
		1,23,000.00		*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
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

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 has filed the necessary petition before National Company Law Tribunal (NCLT) and the petition is under process.

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

Name of the Shareholder	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%

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
Equity shares	3,18,85,900	-	3,18,85,900	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
12	**Other Equity**		
	i) General Reserve:		
	As per last Balance Sheet	13,453.11	13,453.11
	ii) Retained Earnings:		
	As per last Balance Sheet	(1,21,845.89)	(97,896.69)
	Adjustments:		
	Amount transferred from Statement of Profit & Loss	(716.40)	(23,949.20)
		(1,22,562.29)	**(121,845.89)**
	iii) FVTOCI Reserve:		
	As per last Balance Sheet	(1,782.81)	(2,132.42)
	Adjutments:		
	On implementation of Ind AS		
	- Reclassification of of acturial gain/losses on defined benefit plans		
	- On account of fair value of Investments Transferred from Statement of Profit & Loss	511.76	349.61
		(1,271.05)	**(1,782.81)**
	Total	**(1,10,380.23)**	**(1,10,175.59)**
13	**Borrowings**		
	Non-current		
	Unsecured		
	Loans from Government of India ("GOI")		
	Interest free Loans		
	Repayment in 1 to 5 equal annual installments from the date of drawal of loan	32,035.86	33,198.11
	Total non-current borrowings	**32,035.86**	**33,198.11**
	Current		
	Secured		
	Cash Credit	-	302.06
	Unsecured		
	Loans from Subsidiaries	-	430.00
	Net current borrowings	**-**	**732.06**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-Mar-18	As At 31-Mar-17
Aggregate Secured loans	**-**	302.06
Aggregate Unsecured loans	**32035.86**	33,628.11

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	**Non current financial liability**		
	Deferred Government Grant	8,416.95	10,296.29
		8,416.95	**10,296.29**
15	**Provision for employee benefits**		
	Non Current		
	Gratuity		487.57
	Earned Leave Encashment	228.96	501.91
	Settlement Allowance	35.91	68.33
		264.87	**1,057.81**
	Current		
	Gratuity		201.29
	Earned Leave Encashment	25.31	97.46
	Settlement Allowance	3.14	9.49
	Wage and Salary Revision (1992)	218.23	1,404.85
		246.68	**1,713.09**
	Total	**511.55**	**2,770.90**
16	**Trade payables**		
	Dues to Micro, Small & Medium Enterprises	51.63	586.80
	Dues to Others	282.32	1,030.74
	Total	**333.95**	**1,617.54**

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

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Principal amount due and remaining unpaid	51.63	586.80
Interest due on above and the unpaid interest	154.22	460.92
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	297.52	119.91
Interest accrued and remaining unpaid at the end of the accounting year.	154.22	460.92
* includes amount reversed on account of final settlment made with MSMED vendors.		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
17	**Other Financial Liabilities**		
	Current maturities of long-term Debts	12,831.60	10,873.60
	3.5% preference Share Capital (Defaulted)	3,686.00	3,686.00
	Loan from Govt. of India (Defaulted)	10,873.60	-
	Term Loans from Bank (Defaulted)	986.50	986.50
	Interest accrued and due on borrowings		
	Loans from Government of India	-	-
	Loans from Bank - Dena Bank	2,010.00	1,862.02
	Interest accrued but not due on borrowings		
	Government of India Loan	-	
	Total	**30,387.70**	**17,408.12**

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 .

18	**Other Liabilities**		
	Current		
	Dues to subsidiary companies		
	HMT Watches Ltd	645.83	222.57
	HMT Chinar Watches Ltd	20.07	21.75
	HMT (International) Ltd		33.85
	HMT Bearings Ltd	165.20	166.87
	Revenue received in advance	585.55	52.89
	Sundry creditors - Dues	1,222.77	3,365.90
	Other liabilities	8,339.86	12,486.01
	Total	**10,979.28**	**16,349.84**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

19 Provisions - others

	Warranty Claims	Provision for Contingencies	Total
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
At 1 April 2017	6.74	204.78	211.52
Arising during the year	12.33		12.33
Utilised	(1.77)	(39.85)	(41.62)
Unused amounts reversed		(128.82)	(128.82)
At 31 March 2018	**17.30**	**36.11**	**53.41**
Current	17.30	36.11	53.41

20 Revenue from operations

Sale of Products		
Tractors		
Food Processing Machinery	1,002.96	903.34
Watches	345.15	-
Accessories	93.35	109.20
	1,441.46	**1,012.54**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	24.49	18.22
Packing / Forwarding charges	13.88	12.24
	38.37	**30.46**
Revenue from Operations	**1,479.83**	**1,043.00**

21 Other income

A Other Income

Recoveries from Staff/Others	112.97	108.30
Royalties from Subsidiaries	-	1.05
Rent Received	777.77	667.73
Provisions Withdrawn	0.91	4.19
Other non operating Income	298.82	92.82
Total Other Income	**1,190.47**	**874.09**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
B	**Interest Income**		
	Interest income on Bank Deposits	529.86	203.78
	Interest received on HC loans from subsidiaries	8.76	8.76
	Interest from Dealers/Others	0.70	1.97
		539.32	**214.51**
C	**Dividend Income**		
	Dividend received from subsidiaries	-	14.40
		-	14.40
	Total Other Income	**1,729.79**	**1,103.00**
22	**Cost of Raw Materials Consumed**		
	Raw materials and Components		
	Inventory at the beginning of the year	79.72	74.07
	Add: Purchases	419.68	249.26
		499.40	323.33
	Less: inventory at the end of the year	120.51	79.72
	Cost of raw material and components consumed	378.89	243.61
	Consumption of Stores, Spares, Tools & Packing Materials	34.96	23.37
	Total raw materials and components consumed	**413.85**	**266.98**
	Particulars of Materials Consumed		
	Steel	69.52	44.70
	Non-ferrous Metals	11.91	7.66
	Ferrous Castings	11.86	7.62
	Non-ferrous Castings	4.10	2.64
	Forgings	17.00	10.93
	Standard parts & components	264.50	170.05
	Total	**378.89**	**243.60**
22A	**purchase of Stock in Trade**		
	Purchases of Watches and Other Spares	404.47	-
		404.47	**-**
23	**Changes in Inventory**		
	Finished Goods		
	Inventory at the beginning of the year	7.28	65.95
	Less: inventory at the end of the year	63.35	7.28
	Changes in Inventory	-56.07	58.67
	Work in Progress		
	Inventory at the beginning of the year	177.15	125.98
	Adjustment of Loss due to theft of materials		
	Less: inventory at the end of the year	112.31	177.15

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
	Changes in Inventory	64.84	-51.17
	Stock in Trade		
	Inventory at the beginning of the year	-	-
	Less: inventory at the end of the year	312.72	-
	Changes in Inventory	-312.72	-
	Scrap		
	Inventory at the beginning of the year	-	-
	Less: inventory at the end of the year	-	-
	Changes in Inventory	-	-
	Total	**-303.95**	**7.50**
24	**Changes in Excise Duty on Finished Goods**		
	Inventory at the beginning of the year	0.91	3.39
	Less: inventory at the end of the year	-	0.91
		0.91	**2.48**
25	**Employee benefits expense**		
	Salaries,Wages and Bonus	774.16	787.13
	House Rent Allowance	23.51	25.81
	Gratuity	248.54	62.93
	Contribution to PF & FPS	77.32	82.22
	Deposit Linked Insurance	8.05	5.37
	Contribution to ESI	0.16	0.07
	Welfare Expenses	62.40	62.51
		1,194.14	**1,026.04**
26	**Depreciation and amortization**		
	Depreciation of tangible assets	25.12	31.57
		25.12	**31.57**
27	**Finance costs**		
	Interest Expense		
	Government of India Loans		
	Cash Credit loans from Banks	3.79	47.50
	Loans from Bank	147.98	147.98
	Inter Corporate Loan	36.99	43.00
	Others	5.88	40.70
	Other Borrowing Cost		
	Finance Charges	14.75	4.89
	Discounting Charges	2.19	3.85
	Total finance costs	**211.58**	**287.92**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
28	**Other expenses**		
	Manufacturing Expenses		
	Power and Fuel	14.20	18.53
	Repairs to machinery	0.34	3.88
	Provision for Non Moving Inventories	73.48	8.66
	Selling & Distribution Expenses		
	Advertisement and Publicity	7.09	8.72
	Carriage outwards	11.40	9.56
	Establishment Expenses		
	Rent	8.94	8.73
	Rates and Taxes	108.45	139.65
	Insurance	1.89	2.06
	Water and Electricity	193.66	192.71
	Repairs to building	-	5.72
	Printing and Stationery	12.15	10.87
	Auditors Remuneration #	3.24	2.54
	Provision of loss in value of Equity Shares	-	4,395.87
	Provision for Doubtful Debts,Loans and Advances	6.31	9.64
	Warranty claims	8.77	3.93
	Loss sustained by PF Trust	26.29	38.48
	Travelling Expenses	33.38	26.35
	Other Expenses	579.69	419.89
	Less: Recovery of Common Expenses from Subsidiary Companies	-195.30	-264.08
		893.98	**5,041.71**
	As auditor	1.90	1.90
	For taxation matters	-	0.09
	For other services	1.00	0.15
	Reimbursement of expenses	0.34	0.33
	Service tax	-	0.07
		3.24	**2.54**
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-Mar-18	As At 31-Mar-17
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	115.59
	iii) Income Tax	1.87	
	b) Non receipt of related Forms against levy of concessional Sales Tax	181.45	582.97
	c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	12.65	12.65
	d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	302.60	229.69
	e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
	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. However, the deposit was reversed in the books.	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.	68.87	70.23
	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) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
	j) 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		
	k) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,598.44

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-Mar-18	As At 31-Mar-17

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 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 :

Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	0.03	0.10
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	126.34	900.40
	126.37	900.50

34 Transactions with Key Managerial Personnel

Compensation of key management personnel of the Company		
i) Short-term employee benefits	59.96	16.28
ii) Post - employment benefits	9.60	3.35
iii) Other long term benefits	4.94	1.76
Total compensation paid to key management personnel	74.50	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 2018	**31 Mar 2017**	**31 Mar 2018**	**31 Mar 2017**
Financial assets				
Loans	163.54	154.78	163.54	154.78
FVTOCI financial investments	16.08	16.08	64.35	51.39
Total	**179.62**	**170.86**	**227.89**	**206.17**
Financial liabilities				
Borrowings	-	-	-	-
Interest Free Government of India Loan	64,158.00	54,368.00	32,035.86	33,198.11
Loan from Subsidiaries	-	430.00	-	430.00
Total	**64,158.00**	**54,798.00**	**32,035.86**	**33,628.11**

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 2018, 31 March 2017 are as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018

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-18	NAV	64.35			64.35
Assets for which fair values are disclosed						
Investment properties						
Land*	31-Mar-18		2,26,211.65			2,26,211.65
Financial Liability						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-18	8% Effective Rate of Interest used	32,035.86			32,035.86

NOTES FORMING PART OF BALANCE SHEET

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

			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-17	NAV	51.39			51.39
Assets for which fair values are disclosed						
Investment properties						
Land*	31-Mar-17		2,26,211.65			2,26,211.65
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

* **Based on guidance Value**

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 BALANCE SHEET

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
36	**Earnings per share (EPS)**		
	Profit attributable to equity holders:		
	Continuing operations	878.30	(1,805.37)
	Discontinued operation	(1,082.94)	(21,794.22)
	Total Profit including OCI	**(204.64)**	**(23,599.59)**
	Less Other Comprehesive income	511.76	349.61
	Profit attributable to equity holders for basic earnings	**(716.40)**	**(23,949.20)**
	Profit attributable to equity holders of the parent adjusted for the effect of dilution	**(716.40)**	**(23,949.20)**
	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-18	Year Ended 31-Mar-17
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:		
Revenue		
Revenue from Operations	134.15	1,311.53
Other income	4,814.68	1,562.67
Expenses		
Material Consumption and changes in inventory	159.37	980.29
Employee Benefit Expenses	(107.57)	4,031.08
Depreciation	219.05	245.15
Other Expenses	468.79	2,867.48
Finance costs	3,864.53	2,242.03
Re-measurement gains (losses) on defined benefit plans	(358.87)	(5,698.84)
Profit/(loss)before exceptional items and tax from a discontinued operation	**703.53**	**(1,792.99)**
Exceptional items	(1,786.47)	(20,001.23)
Profit/(loss) before tax from a discontinued operation	**(1,082.94)**	**(21,794.22)**
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	**(1,082.94)**	**(21,794.22)**
The classification of Non Current Assets of Tractors Division are as follows		
	31-Mar-18	**31-Mar-17**
Assets		
Property, plant and equipment	851.07	1,044.61
Investment Property	273.30	298.81
Non Current Assets Held for Sale	11.41	11.41
Total Non Current Assets	**1,135.78**	**1,354.83**
The net cash flows incurred by Tractors Division are, as follows:		
Operating	(8,250.29)	(42,872.93)
Investing	260.89	12.28
Financing	5,925.47	49,145.47
Net cash (outflow)/inflow	**(2,063.93)**	**6,284.82**
Earnings per share:	**31-Mar-18**	**31-Mar-17**
Basic, profit/(loss) for the year from discontinued operation	(0.09)	(1.81)
Diluted, profit/(loss) for the year from discontinued operation	(0.09)	(1.81)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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 2018	Year Ended 31 March 2017
Employer's Contribution to Pension Fund	14.86	29.17

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-18	31-Mar-17
	%	%
Discount rate:		
Gratuity plan	7.53	7.50
Settlement Allowance	7.53	7.50
Future salary increases:		
Gratuity plan	8.00	7.00
Settlement Allowance	8.00	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	5%	5%
Attrition Rate				
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	6.05	7.54	6.05	7.54

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 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.

1 Gratuity

31 March 2018 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-17	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-18
	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	(1,528.93)	(203.16)	(108.30)	(311.46)	166.36			(5.60)	826.14	820.54		(853.49)
Fair Value of plan assets	840.07		62.91	62.91	(166.36)	1.22				1.22	163.86	901.70
Benefit Liability	**(688.86)**			**(248.55)**	**0.00**					**821.76**	**163.86**	**48.21**

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)	5,845.50	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)**

2 Settlement Allowance :

31 March 2018 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-17	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-18
	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	(77.82)		(6.58)	(6.58)	9.43			0.04	35.88	35.92		(39.05)
Fair Value of plan assets												
Benefit Liability	**(77.82)**			**(6.58)**	**9.43**					**35.92**	**0.00**	**(39.05)**

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			(77.82)
Fair Value of plan assets		243.86										
Benefit Liability	**(351.30)**			**(25.88)**	**55.50**					**243.86**	**0.00**	**(77.82)**

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 2018		As at 31 March 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	33.66	30.96	1,609.86	1,454.51
Change in rate of salary increase	6.96	7.99	1,480.48	1,565.37
Change in withdrawal rates	3.10	3.72	1,521.57	1,535.76

(ii) Settlement Allowance

(Rs. in lakhs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	1.54	1.45	73.81	82.22
Change in rate of salary increase	0.32	0.36	73.40	82.58
Change in withdrawal rates	0.02	0.02	82.62	73.45

39 The Company had retrinched 150 employees of Tractor Business Group, Pinjore during the year. The Company has paid an amount of Rs.1,786.47 lakhs which has been disclosed as under exceptional items in discontinued operations.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

40 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	
	Dr. Subhash Chandra Pandey	
	Dr. Ravindra Singh	
	Mr. Vishvajit Sahay	
	Mr. Bhaskara Gowdar (w.e.f. 29.08.2017)	
	Mr. S. Kishor Kumar (w.e.f. 08.06.2017)	

Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof:

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Machine Tools Ltd	31/03/2017	146.02	-	-	8.76	154.78
HMT Machine Tools Ltd	31/03/2018	154.78	-	-	8.76	163.54
HMT Watches Ltd	31/03/2017	-	-	-	-	-
HMT Watches Ltd	31/03/2018	-	-	-	-	-
HMT Chinar Watches Ltd	31/03/2017	-	-	-	-	-
HMT Chinar Watches Ltd	31/03/2018	-	-	-	-	-
HMT Bearings Ltd	31/03/2017	-	-	-	-	-
HMT Bearings Ltd	31/03/2018	-	-	-	-	-

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	Transfer	Closing Balance
b) Advances (Dr/ (Cr)						
SUDMO HMT Process	31/03/2017	2.49	2.25	-		4.74
Engineers (India) Ltd	31/03/2018	4.74	2.32	-		7.06
HMT Machine Tools Ltd	31/03/2017	548.61	74.07	-		622.68
HMT Machine Tools Ltd	31/03/2018	622.68	109.11	-		731.79
HMT Watches Ltd	31/03/2017	43.35	-	265.92		-222.57
HMT Watches Ltd	31/03/2018	-222.57	-	423.26		-645.83
HMT Chinar Watches Ltd	31/03/2017	-21.98	0.23	-		-21.75
HMT Chinar Watches Ltd	31/03/2018	-21.75	1.68	-		-20.07
HMT Bearings Ltd	31/03/2017	-141.44		25.43		-166.87
HMT Bearings Ltd	31/03/2018	-166.87	1.67			-165.20
HMT (International) Ltd	31/03/2017	-23.48	-	10.37		-33.85
HMT (International) Ltd	31/03/2018	-33.85	118.36	-		84.51

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							
	2016-17	-	-	-	-	-	-
	2017-18	20.06	-	-	213.99	-	234.05
Other Income:							
	2016-17	8.76			1.05	-	9.81
	2017-18	8.76				-	8.76
Purchases							
	2016-17	-	-	-	-	-	-
	2017-18	-	348.03	-	22.19	-	370.22
General Expenses: (recovery of expenses)							
	2016-17	(206.56)	(8.15)	-	(49.37)	-	-264.08
	2017-18	(135.53)	(10.05)	-	(49.72)	-	-195.30
Interest							
	2016-17	-	-	-	51.86	57.64	109.50
	2017-18				36.99		36.99

e) Transactions with Key Managerial Persons:	Current Year	Previous Year
Remuneration paid to KMP		
- S.Girish Kumar	26.08	-
- Shashi Bala Srivastava	30.43	21.39
- Bhaskara Gowdar	10.47	-
- S.Kishor Kumar	7.52	-
	74.50	**21.39**
Directors sitting fees paid to Dr. Ravindra Singh	0.35	0.05

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

41 SEGMENT REPORTING:

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

42 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.

43 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.

44 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.

45 Common Services Division an unit of the Company is in the process of reconciling GST collected on sale of watches, Input Tax credit availed. The Company has rectified to an extent of balances identified. In the opinion of the management effect on revenue is not material.

46 Recent Accounting Pronouncements:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. In addition, limited amendments have been made to some other Ind AS standards (Ind AS's 2, 12, 21, 28 and 40).

The Company is in the process of assessing the impact of the introduction of Ind AS 115- Revenue from Contracts with Customers and the limited amendments to the other Ind AS Standards. The impact, if any, will be disclosed in the financial statements for the quarter ended June 30, 2018.

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

CONSOLIDATED FINANCIAL STATEMENTS

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 2018

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on 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 Revised Audit Report dated 03 September 2018 which supersedes their earlier Audit Report dated 19 June 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of HMT Limited for the year ended 31 March 2018 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of HMT Limited and subsidiaries listed in Annexure but did not conduct supplementary audit of the financial statements of 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. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' report under section 143 (6) (b) read with section 129(4) of the Act.

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: 03 September 2018

Annexure

Subsidiaries

1. **HMT Machine Tools Limited**
2. **HMT (International) Limited**
3. **HMT Bearings Limited**
4. **HMT Watches Limited**
5. **HMT Chinar Watches Limited**

REVISED INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
HMT Limited

Report on the Ind AS Consolidated Financial Statements:

On completion of audit of accounts of HMT Limited ("the Company) for the year 2017 – 2018, we had rendered our audit report dated June 19, 2018. 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 modified our comment in Para 4 i) and added Para 4 ii), 4 iii) and Para 7 of the basis of qualified opinion and added two observations in Matter of Emphasis in respect of Holding Company.

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, 2018, 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 there under. 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.

This responsibility also includes 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; 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which has 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 AS consolidated financial statements based on our audit.

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

We conducted our audit of the Ind AS consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS consolidated 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 consolidated financial 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 5) amounting to Rs. 317.47 lakhs, stock of materials (including stock considered in, raw materials, WIP and FG) are valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were are not updated because of which respective stocks were valued at Nil. These were later manually updated based on the Purchase Orders available. Owing to the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method 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.5) amounting to Rs.89.90 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:

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

3. Common Services Division:

The Unit is in the process of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same.

4 Corporate Head Office of the Holding Company and Group as a whole:

i) The Holding Company and its subsidiaries contribute 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". The Group has not obtained the actuarial valuation from an independent actuary. Effect on the financial statements is not ascertained.

ii) The Holding Company while preparing consolidated financial statements has not eliminated provision made towards diminution in value of investments amounting to Rs.4,561.88 lacs. Due to non-elimination of the said provision, Provision others is overstated and Net worth of the Company is understated by the said amount.

iii) Government of India ("GOI"), Department of Heavy Industry has directed HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited to close the companies and accorded its approval for write-off of GOI loan amounting to Rs.3,53,063.79 lakhs, which has not been written off in the books of account. Accordingly, Other Financial Liabilities and negative balance of Other Equity have been overstated.

5 HMT Machine Tools Limited ("MTL"):

a) Non-compliance with Ind AS – 1 "Presentation of Financial Statements" by not disclosing the deviation from the fundamental accounting assumption "Accrual" while accounting intangible assets under development in respect of a collaboration with NUM AG, a swiss company. MTL has capitalised only Rs.736.55 Lacs, being lump sum payment (Part of total consideration) due to the said company as against the full consideration of Rs.1,083.69 lakhs payable to them as per the agreement, on accrual basis.

b) During the previous 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.1,850.80 lakhs has been fixed for the land @ 1.65 times the guidance value of land (fixed by the Government of Karnataka) at Rs.270 lakhs per acre. However, the said land measuring 4.25 acres is continued to be shown as Property, Plant & Equipment, even though BBMP has taken over the possession of said land.

c) MTL has not made provision for liability if any, towards the interest payable to the parties covered under Micro, Small, Medium Enterprises Development Act, 2006.

d) The balances of trade payables, borrowings, receivables, margin deposits, loans and advances are subject to confirmation from parties with whom MTL is having transactions. In the absence of the said confirmation, the process of reconciliation is incomplete. Accordingly, we are not in a position to authenticate the correctness of the balance as at March 31, 2018.

e) 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.

f) During August 2010, MTL had placed an order with CMC Limited for supply of hardware and implementation of SAP system across all the units of MTL. The scope of work envisaged included supply, installation, commissioning of hardware, SAP licences, customisation of software, training of employees etc. However, it has been informed that the implementation is negligible and due to inordinate delay in implementation, the SAP system has become redundant due to subsequent improvements in technology. MTL has incurred an amount of Rs.128.89 lakhs towards hardware which is grouped under Capital work in progress and Rs.229.35 lakhs towards development of software which is grouped under Intangible assets under development.

Since the SAP system is not fully customised and put to use due to delay in implementation we are unable to express any independent opinion with regard to impairment of the said asset as per Ind AS – 36.

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 March 31, 2018 amounted to Rs.2,81,475.59 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 March 31, 2018 is Rs.2,85,835.95/- lakhs against which the Fixed and current assets of Rs.5,009.37 lakhs.
- The contingent liabilities disclosed in the financial statements as at March 31, 2017 are Rs.1,916.18 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 lakh and above which have been retired from active use and disclosed at lower of book or net realizable value were not made available in respect of watch factory Ranibagh.

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.

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 Act, 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) The Company has not complied with the disclosure of the following Ind AS:

i) As per Ind AS – 8, HWL has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or where the errors relates to the period (s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.

ii) As per Ind AS – 36, HWL has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.

iii) As per Ind AS 109, HWL has not recognized interest free refundable security deposits at fair value.

k) HWL is in possession of lease hold land admeasuring 33.32 acres at Ranibagh. Lease period of the said land expired in 2014. HWL is still continuing to show the said land under Property, Plant & Equipment ("PPE") and claiming depreciation resulting in overstatement of PPE and understatement of losses to an extent of Rs.5.30 lakhs.

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) PPE 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.

c) 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.

d) 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. We have not been provided the bank confirmation of balance and physical cash certificates. No explanation with regard to the cash balance of show rooms and bank balances were provided to us.

e) Other current assets include a sum of Rs.21.11 lakhs representing suspense account Dr. (OBS) and Rs.1.98 lakhs representing suspense account debit – OBS Opn (Cr.) relating to watch marketing division. Individual details of such credits/ debits were not ascertainable and are subject to reconciliation.

f) Sales tax on transfer of inventory made during the year to the Holding Company was not ascertained and provided in the books.

g) Service tax and GST 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 31.03.2018 amounting to Rs. 3,863.86 Lakhs.

i) The details for interest on delayed payment statutory dues were not made available. HWL 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) 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

n) No provision has been made for liabilities aggregating Rs. 1,588.57 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. 1,588.57 lakhs and corresponding understatement of current liabilities to that extent.

o) 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 March 31, 2018.

p) 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 International Limited ("HIL"): Basis of Qualified Opinion:

HIL has made a provision for gratuity considering the ceiling limit of Rs.10 lakh instead of Rs.20 lakh which was notified by Government of India on March 29, 2018. This has resulted in non compliance of the provisions of payment of Gratuity (Amendment) Act, 2018 and Ind AS – 19 Employee Benefits. The Impact on financial statements of the Group is not ascertained.

8. HMT Bearings Limited ("HBL"): Basis of Adverse Opinion:

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 statement 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 March 31, 2018, 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: (in respect of the Group and Holding Company)

i) Attention of the members is invited to note 49 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 net worth 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.

ii) During the year, the Company has received certain claim of Rs.2,975.66 lacs from six vendors who are reported as Micro, Small & Medium Enterprises as defined in Micro, Small & Medium Enterprises Act, 2006 which has not been reported in the aforesaid standalone financial statements as contingent liabilities.

iii) Subsequent to year end the Company has entered into Settlement Agreement with Government of Haryana towards mutation of the land of 846.43 acres, which was gifted to HMT Ltd in the year 1962 by the erstwhile Government of Punjab. HMT Ltd decided to withdraw the pending legal cases against each other. Further, HMT Ltd shall receive Rs.24,164.86 lakh from Haryana State Industrial Infrastructure Development Corporation (HSIIDC) for handing over the possession of land of 446.00 acres. HMT Limited shall also receive compensation for the land of 4.98 acres acquired by Haryana State Irrigation Department (HSID) and for the land of 12.80 acres acquired by National Highway Authority of India (NHAI) which has not been reported in the aforesaid standalone financial statements.

In respect of MTL the auditor has reported the following:

a) Advances include an amount of Rs.17.57 lakhs being cenvat credit availed by one of unit of MTL, the said unit of MTL has not filed GST – TRAN 1 return to carry forward the same and setoff against the GST payable.

b) Ajmer unit of MTL has defaulted in settlement/ payment of gratuity to the employees who have retired/ separated to the extent of Rs.772.04 as at March 31, 2018. No provision has been made in respect of the penalty payable/ settlement of gratuity.

c) In respect of Hyderabad unit, discrepancies were noted in certain items inventory on physical verification with books of account as the bin cards were not updated.

d) In respect of Kalamasary unit, the unit has leased 1 acre 58 cents to Kerala State Electricity Board and 25 cents to the postal authorities in Kalamassery, Ernakulam, Kerala. Lease agreement if anny, has not been made available to Unit auditors for verification and correctness of the lease rental accounted could not be verified.

In respect of HWL the auditor has reported the following:

a) Non-Current assets held for sale includes immovable properties vested under the Scheme of Arrangement approved by Government of India and non carrying of the mutation of title deeds in the revenue records to that effect. Accordingly, the title of the said properties could not be ensured.

b) HWL is in the possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7 acres of land encroached upto and the matter taken up with the Government of Karnataka to shift the un authorized occupants. Though HWL is in possession of land at various units, it has not obtained up to date encumbrance certificate from the concerned authorities to ascertain the extent of encroachment/ title verification.

In respect of HMT Chinar Watches Limited ("CWL") the auditor has reported the following:

The Company has not reported a contingent liability amounting to Rs. 3,021.87 lakhs being the penal interest on delayed payment of dues to Central Industrial Security Force ("CISF") on account of cost of deployment of CISF personnel at CWL upto June 4, 2016. The Company has requested for waiver of same. Pending waiver of the said interest, CWL and the Group has not disclosed the same as contingent liability in its Consolidated Financial Statements.

Other Matters:

1. We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs.79,171.75 lakhs as at March 31, 2018, total revenues of Rs.23,681.63 Lakhs and net cash out flows amounting to Rs.2,355.44 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 these 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.

2. The holding company has not received financial statements of Gujarat State Machine Tools Limited for the year ended March 31, 2018, 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.

3. 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:

4. 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.

5. The Holding Company has made a provision for non-moving inventories amounting to Rs.618.43 lakhs based on the certificate furnished by the management and relied upon by the auditors of the respective units.

6. The financial statements of Lamp Division have been merged with the Accounts of the Holding Company and our report insofar as it relates to the amounts included in respect of this Division is based solely on the closing balances of previous year's financial statements of the Holding Company except for payment of Rs.67.84 lakhs towards dues to Greater Hyderabad Municipal Corporation and Commercial Tax Officer, Hyderabad. Further, the Company has written off other advances amounting to Rs.9.42 lakhs and reversed liability no longer required amounting to Rs.235.11 Lakhs.

7. 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.12,831.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management. Out of the above amount, an amount of Rs.10,873.60 lakhs has been shown as continuous defaults of Government of India Loans.

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 previous 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
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

8. **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.317.47 lakhs and provision for non-moving inventory amounting to Rs. 89.90 Lakhs.

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

c. The Unit has sought the confirmation of balances from parties with whom it has transactions (trade payables & trade receivables) which are subject to confirmation.

9. **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.
4. Retrospective adjustments of prior period errors and ommissions.

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. 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.

e. 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. Attention is invited to para 4 a), 5 a), 6 f), 6 J), 7 b) of the 'Basis of Qualified Opinion' and para 9 b) of 'Other Matters' which are not in compliance of Indian Accounting Standards ("Ind AS"), accordingly, in our opinion, the afore said Ind AS Consolidated Financial Statements don't comply with Ind AS specified in section 133 of the Act.

e. The Holding Company being a Government Company, provisions of 164 (2) of the Act is not applicable with respect to appointment of directors.

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 and its subsidiaries 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 Holding Company and its subsidiary companies, Joint Venture company incorporated in India.

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

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

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

(CA C R Deepak)
Partner
Membership No. 215398

Place: Bangalore
Date: September 03, 2018

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 India as of March 31, 2018 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 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 March 31, 2018, 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 March 31, 2018, 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 Corporate Head Office, Bangalore, Common Services Division, Bangalore and Tractor Division, Pinjore:

The system of internal financial controls over financial reporting with respect of Tractor Division, Pinjore, Common services division 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 March 31, 2018.

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.

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, 2018, 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, 2018.

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, 2018.

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 disclaimer opinion on the financial statements.

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, 2018, 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 Bearings Limited):

a. In view of lack of sufficient appropriate audit evidence of establishment of a frame work for internal financial control over financial reporting, we are unable to express our opinion, regarding adequacy of internal financial control over financial reporting and whether or not suc internal financial controls were operating effectively as at March 31, 2018.

b. Though the framework for internal financial control over financial reporting is not established, we have considered the same in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company and it does not impact our audit 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, 2018, 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 reports of 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: Bengaluru
Date: September 03, 2018

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 2017 – 2018 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	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.90.78 lakhs for obsolescence for inventories, Rs. 25.78 lakhs towards trade receivables, Rs.179.93 lakhs towards interest on trade receivables and Rs.12.29 lakhs for loans & advances. The total outstanding balances in provision accounts as at March 31, 2018 is as under: Provision for obsolescence for inventories – Rs.618.43 lakhs, Rs.5,915.60 lakhs towards trade receivables, Rs.5,808.56 lakhs towards doubtful interest on trade receivables and Rs.136.40 lakhs towards doubtful advances.
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.

B. 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 Bangalore

HMT Machine Tools Limited ("MTL")	In respect of Ajmer Unit pending finalisation of 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 adverse comments
HMT Watches Limited	The auditor is unable to comment on whether the title deeds of immovable properties are held in the name of the company as sufficient information and appropriate evidence supporting the same were not made available to him. As per the information provided to him details of immovable properties in respect of following properties: 1. 119.65 Acres of free hold land at Tumkur 2. 89.707 Acres of free hold land at Bangalore 3. 984 sq. ft. leasehold building at Bangalore 4. 900 sq. ft. apartment at Mumbai 5. 1,107 sq. ft. leasehold apartment at Mumbai 6. 45.622 Acres of freehold land at Ranibagh 7. 13.36 Acres of Government Land at Ranibagh 8. 33.32 Acres of leasehold land (which expired on 09.11.2014) at Ranibagh.
HMT Chinar Watches Limited	No adverse comments
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 adverse comments
HMT Watches Limited	No adverse comments
HMT Chinar Watches Limited	No adverse comments
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	In respect of Pinjore Unit, Material in transit of Rs.76.57 lakhs which is lying in the customs warehouse since 1998 – 99 to 2001 – 02. The Board of Directors of MTL has taken decision to write off the said inventory.
HMT Bearings Limited	No adverse comments
HMT Watches Limited	In respect of inventories at Ranibagh Unit, inventories include certain watch components taken into the custody by the Customs Authorities valued at Rs.343.30 Lakhs. The Collector of customs have levied additional duty redemption fine and penalty of Rs.150 lakhs and the company has appealed against the same to Central Excise and Gold Appellate Tribunal and subsequently the case has been returned to Central Excise Commissioner for fresh hearing. No provision has been made by the Company towards deterioration in the value of components which have been shown as contingent liability.
HMT Chinar Watches Limited	No adverse comments
HMT International Limited	No adverse comments

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2018

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.

The consolidated financial statements were authorised for issue in accordance with resolution of the directors dated June 19, 2018.

2. Significant Accounting Policies:

i) Basis of preparation:

The financial statements have been prepared to comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 ("the Act"), read the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company and other provisions of the Act.

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, 2018. 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. Accordingly, losses have been consolidated to the extent of the value of the investments.

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. 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 to complete the sale/ distribution should indicate that it is unlikely that significant changes 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 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.

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 on 27/10/2016 it was decided that the Tractors Division 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 and associates:

			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 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	6,251.42	7,239.69
Capital work in progress	3A	128.89	128.89
Investment Property	3B	326.75	352.69
Intangible assets	3C	-	13.25
Intangible assets under development	3C	965.90	734.47
Financial assets			
Investments	4	138.83	114.74
Other Assets	9	287.31	238.65
		8,099.10	**8,822.38**
Current assets			
Inventories	5	13,013.65	14,372.15
Financial assets			
Trade Receivables	6	10,491.42	9,634.42
Cash and cash equivalents	7	22,950.90	24,561.09
Others Financial assets	8	526.63	1,458.13
Other Assets	9	6,147.22	7,223.81
		53,129.82	**57,249.60**
Non Current Assets Held for Sale	3D	680.36	699.54
		680.36	**699.54**
TOTAL ASSETS		**61,909.28**	**66,771.52**
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	1,20,409.16	1,20,409.16
Other equity	11	(6,14,399.52)	(6,00,187.61)
Equity attributable to equity holders of the parent		**(4,93,990.36)**	**(4,79,778.45)**
Non-controlling interests		(78.84)	(78.03)
Total equity		**(4,94,069.20)**	**(4,79,856.48)**
Non-current liabilities			
Financial liabilities			
Borrowings	12	37,324.26	43,532.91
Non Current Financial Liability	13	8,416.95	10,296.29

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

(Rs. in lakhs)

	Notes	As at 31-03-2018	As at 31-03-2017
Provisions			
Provision for Employee Benefits	14	7,711.67	8,557.20
Deferred tax liability (net)		77.66	85.67
		53,530.54	**62,472.07**
Current liabilities			
Financial liabilities			
Borrowings	12	3,101.04	3,431.33
Trade payables	15	7,279.22	8,524.75
Other financial liabilities	16	4,29,518.36	4,06,103.26
Government Grant	13A	0.00	22.92
Other Current Liabilities	17	51,176.57	52,973.75
Provisions			
Provision for Employee Benefits	14	6,566.17	8,127.39
Others	18	4,806.37	4,967.60
Current Tax Liabilities (Net)		0.21	4.93
		5,02,447.94	**4,84,155.93**
Total liabilities		**5,55,978.48**	**5,46,628.00**
TOTAL EQUITY AND LIABILITIES		**61,909.28**	**66,771.52**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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 31ST MARCH 2018

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2018	Year Ended 31-03-2017
CONTINUING OPERATIONS			
Revenue from operations	19	20,241.03	21,535.91
Other income	20	4,812.46	4,184.00
Total Income		**25,053.49**	**25,719.91**
EXPENSES			
Cost of raw materials consumed	21	7,018.03	8,096.13
Purchase of Stock In Trade	22	1,502.91	204.07
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	(439.57)	1,591.87
Excise duty on goods sold during the year		828.47	2,091.09
Excise duty on changes in inventories of finished goods	24	425.94	(98.07)
Employee benefits expense	25	14,518.62	14,450.08
Finance costs	27	6,031.71	5,590.89
Depreciation and amortization expense	26	1,009.66	1,055.28
Other expenses	28	6,138.28	10,157.43
Less: Jobs Done for Internal Use	29	(134.41)	(97.04)
Total expense		**36,899.64**	**43,041.73**
Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations		**(11,846.15)**	**(17,321.82)**
Share of profit/(loss) of an associate and a joint venture	31	0.33	0.33
Profit/(loss)before exceptional items and tax from continuing operations		**(11,845.82)**	**(17,321.49)**
Exceptional items	30	0.00	531.05
Profit/(loss)before and tax from continuing operations		**(11,845.82)**	**(16,790.44)**
(1) Current tax	32	0.21	4.93
(2) Deferred tax	32	(12.69)	14.46
(3) Adjustment of tax relating to earlier periods		-	(1,861.45)
		(12.48)	(1,842.06)
Profit for the year from continuing operations		**(11,833.34)**	**(14,948.38)**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations	33	(3,287.42)	(39,454.99)
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**(3,287.42)**	**(39,454.99)**
Profit/(loss) for the year		**(15,120.76)**	**(54,403.37)**
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		899.76	302.25
Income tax effect		(4.68)	3.91
Net (loss)/gain on FVTOCI equity Securities		12.96	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**908.04**	**306.16**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2018	Year Ended 31-03-2017
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		-	-
		908.04	**306.16**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(14,212.72)**	**(54,097.21)**
Profit/(loss) for the year			
Attributable to:			
Equity holders of the parent		(15,119.88)	(54,401.04)
Non-controlling interests		(0.88)	(2.33)
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		(14,211.91)	(54,094.93)
Non-controlling interests		(0.81)	(2.28)
Earnings per share for continuing operations			
i) Basic, profit from continuing operations attributable to equity holders of the parent		**(0.98)**	**(1.24)**
ii) Diluted, profit from continuing operations attributable to equity holders of the parent		**(0.98)**	**(1.24)**
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders of the parent		**(0.27)**	**(3.28)**
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent		**(0.27)**	**(3.28)**
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders of the parent		**(1.26)**	**(4.52)**
ii) Diluted, profit for the year attributable to equity holders of the parent		**(1.26)**	**(4.52)**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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 CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in lakhs)

	Year Ended 31-03-2018	Year Ended 31-03-2017
Operating activities		
Profit/(loss) before tax from continuing operations	(11,845.82)	(16,790.44)
Profit/(loss) before tax from discontinued operations	(3,287.42)	(39,454.99)
Profit before tax	**(15,133.24)**	**(56,245.43)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	1,189.68	1,256.32
Depreciation of investment properties	25.94	26.55
Amortisation of Intangible Assets	13.25	17.68
Gain on disposal of property, plant and equipment	(336.28)	(84.93)
Loss on disposal of property, plant and equipment	18.66	60.18
Finance income (including fair value change in financial instruments)	(912.46)	(548.61)
Finance costs (including fair value change in financial instruments)	6,031.71	5,590.89
Waiver of Government of India Loan	0.00	(531.05)
Share of profit of an associate and a joint venture	(0.33)	(0.33)
Working capital adjustments:		
Movements in provisions, gratuity and government grants	(1,687.58)	(11,787.46)
Increase in trade and other receivables and prepayments	1,220.65	1,144.05
Decrease in inventories	1,358.50	3,220.30
Increase in trade and other payables	(3,042.71)	(10,040.85)
	(11,254.21)	**(67,922.69)**
Income tax (paid)/reversed	(119.06)	1,842.06
Net cash flows from operating activities	**(11,373.27)**	**(66,080.63)**
Investing activities		
Proceeds from sale of property, plant and equipment	322.81	197.17
Purchase of property, plant and equipment	(437.30)	(318.09)
Interest received	912.46	548.61
Receipt of government grants	0.00	22.92
Net cash flows used in investing activities	**797.97**	**450.61**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2018	Year Ended 31-03-2017
Financing activities			
Interest Paid		(494.61)	(2,415.67)
Proceeds from borrowings (net)		9,459.72	56,563.24
Dividend Distribution Tax Paid		0.00	(2.93)
Net cash flows from/(used in) financing activities		**8,965.11**	**54,144.64**
Net increase in cash and cash equivalents		(1,610.19)	(11,485.38)
Net foreign exchange difference			
Cash and cash equivalents at the beginning of the year		24,561.09	36,046.47
Cash and cash equivalents at year end		**22,950.90**	**24,561.09**

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 : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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 lakhs
At 1 April 2016	**1,20,40,91,640**	**1,20,409.16**
Changes in equity share capital during the year		
At 31 March 2017	**1,20,40,91,640**	**1,20,409.16**
Changes in equity share capital during the year		
At 31 March 2018	**1,20,40,91,640**	**1,20,409.16**

11. 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 2016	2,270.82	(5,58,625.76)	16,600.97	36.68	-	-	(6,384.02)	(5,46,101.31)	(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	(5,58,614.20)	16,600.97	36.68	-	-	(6,384.02)	(5,46,089.75)	(75.75)	(5,46,165.50)
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								-		-
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**	**(6,13,018.22)**	**16,600.97**	**36.68**	**-**	**-**	**(6,077.86)**	**(6,00,187.61)**	**(78.03)**	**(6,00,265.64)**
Changes in accounting policy or prior period errors		-						-		-
Balance as of 1st April 2017	2,270.82	(6,13,018.22)	16,600.97	36.68	-	-	(6,077.86)	(6,00,187.61)	(78.03)	(6,00,265.64)
Discontinued operations		(3,286.61)						(3,286.61)	(0.81)	(3,287.42)
Dividend Distribution Tax								-		-
Equity component of Financial Liability								-		-
Remeasurement of the net defined benefit liability/asset, net of tax effect							895.08	895.08		895.08
Total Comprehensive Income for the year		(11,833.34)		12.96				(11,820.38)		(11,820.38)
At 31 March 2018	**2,270.82**	**(6,28,138.17)**	**16,600.97**	**49.64**	**-**	**-**	**(5,182.78)**	**(6,14,399.52)**	**(78.84)**	**(6,14,478.36)**

As per our Report of even date attached

For B K Ramadhyani & Co., LLP
F.R.N : 002878S/S200021
Chartered Accountants

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

Place : New Delhi
Date : 19-06-2018

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)

Particulars	Land & Land Development	Buil--dings	Plant and Machinery	Furniture Fittings & Office Appliances	Special Tools	Transport Vechicles	Land Lease-hold	Total
As at 1 April 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**
Additions	-	0.12	43.48	15.27	147.00	-	-	**205.87**
Transferred to Investment Property	-	-	-	-	-	-	-	**-**
Disposals	-	-	(1,816.03)	(10.29)	-	(0.77)	-	**(1,827.09)**
Assets Held for Sale	-	-	(396.86)	(60.35)	-	-	-	**(457.21)**
At 31 March 2018	**237.06**	**3,557.13**	**38,862.07**	**1,158.24**	**1,659.39**	**174.09**	**25.93**	**45,673.91**
As at 1 April 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**
Depreciation charge for the year	-	43.29	986.02	10.79	148.69	0.73	0.22	**1,189.74**
Disposals/Adjust	-	-	(1,811.12)	(10.28)	-	(0.77)	-	**(1,822.17)**
Transferred to Investment Property	-	-	(397.39)	(60.34)	-	-	-	**(457.73)**
Assets Held for Sale	-	-	-	-	-	-	-	**-**
At 31 March 2018	**-**	**2,511.74**	**34,213.16**	**1,117.31**	**1,394.15**	**172.83**	**13.30**	**39,422.49**
Net book value								
At 31 March 2018	**237.06**	**1,045.39**	**4,648.91**	**40.93**	**265.24**	**1.26**	**12.63**	**6,251.42**
At 31 March 2017	237.06	1,088.56	5,595.83	36.47	266.93	1.99	12.85	7,239.69

Net book value	**31/3/2018 Amount**	**31/3/2017 Amount**
Plant Property and Equipment	6,251.42	7,239.69
Capital work in progress	128.89	128.89

Additional Information:

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

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 PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

3B. INVESTMENT PROPERTY

Opening balance at 1 April 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**
Additions	
Less: Non Current Assets Held for Sale	
Closing balance at 31 March 2018	**1,512.35**
Depreciation and impairment	
Opening balance at 1 April 2016	**189.12**
Depreciation	26.55
Deduct/adjustment	943.99
Closing balance at 31 March 2017	**1,159.66**
Depreciation	25.94
Deduct/adjustment	-
Closing balance at 31 March 2018	**1,185.60**
Net Block	
at 31 March 2018	**326.75**
at 31 March 2017	352.69

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. However, the Holding Company has disclosed Fair value in Note No. 43 based on Guidance value.

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 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 CONSOLIDATED FINANCIAL STATEMENTS

Additional Information:

Information regarding income and expenditure of Investment property

(Rs. in lakhs)

	31-Mar-18	31-Mar-17
Rental income derived from investment properties	375.76	798.82
Direct operating expenses (including repairs and maintenance) generating rental income	0.00	0.00
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(7.43)	(113.65)
Profit arising from investment properties before depreciation and indirect expenses	**368.33**	**685.17**
Less – Depreciation	(0.43)	(26.55)
Profit arising from investment properties before indirect expenses	**367.90**	**658.62**

(Rs. in lakhs)

	Intangible assets	Intangible assets under development	Total
3C. INTANGIBLE ASSET			
Opening balance at 1 April 2016	**88.36**	**533.44**	**621.80**
Additions	-	201.03	201.03
Closing balance at 31 March 2017	**88.36**	**734.47**	**822.83**
Additions	-	231.43	231.43
Closing balance at 31 March 2018	**88.36**	**965.90**	**1,054.26**
Amortisation and impairment			
Opening balance at 1 April 2016	**57.43**	**-**	**57.43**
Amortisation	17.68	-	17.68
Closing balance at 31 March 2017	**75.11**	**-**	**75.11**
Amortisation	13.25	-	13.25
Closing balance at 31 March 2018	**88.36**	**-**	**88.36**
Net Block			
at 31 March 2018	**-**	**965.90**	**965.90**
at 31 March 2017	13.25	734.47	747.72

Net book value	**31/3/2018**	**31/3/2017**
Intangible assets under development	965.90	734.47
Intangible Assets	-	13.25

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-Mar-2018	31-Mar-2017
3D. Non Current Assets Held for Sale		
Land and Land Development	381.88	381.88
Buildings	292.63	292.63
Plant & Machinery	5.80	24.97
Furniture, Fixture & other appliances.	0.05	0.06
Transport Vehicles	-	0.01
Special Tools	-	-
Total	**680.36**	**699.54**

Additional Information :

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 18-19.

(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 18-19 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 18-19.

(d) Before the sale of the mentioned land the approval of the respective State Governments will be obtained.

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 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 2016-17 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 31-03-2018	As At 31-03-2017
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-17: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
1,60,800 (31-Mar-17: 1,60,800) Equity shares of Rs.10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	117.98	94.22
Total FVTOCI investments	**117.98**	**94.22**
Investment in Equity Instruments of Associates and Joint Venture		
Investments in Joint Venture		
1,50,000 (31-Mar-17: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	20.85	20.52
Investments in Associates		
20,84,050 (31-Mar-17: 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	**20.85**	**20.52**
Total Investments	**138.83**	**114.74**
Current	-	-
Non Current	138.83	114.74
Aggregate amount of unquoted investments	138.83	114.74
Aggregate amount of impairment in value of investments	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-03-2018	As At 31-03-2017
5. Inventories		
Raw Materials and Components	2,464.54	2,578.65
Material and Components in Transit	180.67	1,034.56
Work-in-Progress	5,946.34	5,771.92
Finished Goods #	4,537.20	5,097.05
Stock in Trade	583.87	352.43
Goods in Transit	410.65	756.06
Stores and Spares	1,284.98	1,197.52
Tools and Instruments	365.58	407.18
Scrap	53.75	75.37
	15,827.58	**17,270.74**
Less: Provision for Non-moving Inventories	2,813.93	2,898.59
	13,013.65	**14,372.15**
# Includes Excise Duty paid/ payable		
6. Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	10,491.42	9,634.42
Doubtful	15,294.90	15,097.47
	25,786.32	**24,731.89**
Allowance for doubtful debts		
Unsecured, considered doubtful	15,294.90	15,097.47
	10,491.42	**9,634.42**
Trade Receivables exceeding 6months from the date they are due for payment	2,719.88	5,027.09
Trade Receivables less than 6 months from the date they are due for payment	7,771.54	4,605.20

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.

7. Cash and Cash equivalents		
Balances with banks:		
– In current accounts	1,862.32	9,654.93
– In Deposits accounts (with original maturity less than 12 months)	21,083.26	14,902.13
Cash and Cheques on hand	5.32	4.03
	22,950.90	**24,561.09**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-03-2018	As At 31-03-2017
8. Other Financial Assets		
Interest accrued & due	407.34	467.96
With Schedule bank in Deposit A/c Margin Money	119.29	990.17
	526.63	**1,458.13**
9. Other Assets		
Non-Current		
Gratuity Fund (Net)	281.61	232.95
Capital Advances	7.67	8.00
Less: Allowance for Doubtful Advances	1.97	2.30
	287.31	**238.65**
Advances other than Capital Advances		
Advances recoverable in cash or in kind		
Secured		
Considered Good	1.04	1.03
Less: Allowance for Doubtful Advances	0.54	0.54
	0.50	**0.49**
Unsecured		
Considered Good #	4,865.22	5,803.66
Considered Doubtful	1,015.18	992.19
	5,880.90	**6,796.34**
Less: Allowance for Doubtful Advances	1,015.18	992.19
	4,865.72	**5,804.15**
Interest on Trade Receivable	5,940.36	5,945.92
Less: Allowance for interest on Trade Receivable	5,808.56	5,629.84
	131.80	**316.08**
Withholding of taxes and other tax receivables*	599.47	481.25
Deposits	550.23	622.33
	6,147.22	**7,223.81**
Total Other Assets	**6,434.53**	**7,462.46**

*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-18		As at 31-Mar-17	
	Nos	Amount	Nos	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*
		1,23,000.00		*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
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

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 has filed the necessary petition before National Company Law Tribunal (NCLT) and the petition is under process.

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

Name of the Shareholder	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%

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
Equity shares	3,18,85,900	-	3,18,85,900	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
11	**Other Equity**		
	i) Capital Reserve:		
	As per last Balance Sheet	2,270.82	2,270.82
	ii) General Reserve:		
	As per last Balance Sheet	16,600.97	16,600.97
	Add:		
	Transferred from Statement of Profit & Loss		
		16,600.97	16,600.97
	iii) Retained Earnings:		
	As per last Balance Sheet	(6,13,018.22)	(5,58,614.20)
	Adjustments:		
	Prior period adjustments		
	Reclassification of of acturial gain/losses on defined benefit plans		
	Decrease in employee benefits on implementation of Ind AS		
	Transferred to general reserve	-	-
	Dividend distribution tax	0.00	(2.93)
	Recognition of non controlling interest		
	Fair valuation of financial instruments		
	Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	(15,119.95)	(54,401.09)
		(6,28,138.17)	(6,13,018.22)
	iv) FVTOCI Reserve:		
	As per last Balance Sheet	(6,041.18)	(6,347.34)
	Adjutments:		
	On implementation of Ind AS		-
	- Reclassification of of acturial gain/losses on defined benefit plans		
	- On account of fair value of Investments		
	Transferred from Statement of Profit & Loss	908.04	306.16
		(5,133.14)	(6,041.18)
	Total	**(6,14,399.52)**	**(6,00,187.61)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
12	**Borrowings**		
	Non-current		
	Unsecured		
	Loans from Government of India ("GOI")		
	With free of interest		
	Repayment in 1 to 5 equal annual installments from the date of drawal of loan	37,324.26	43,532.91
	Total non-current borrowings	**37,324.26**	**43,532.91**
	Current		
	Secured		
	Cash Credit	3,101.04	3,431.33
	Net current borrowings	**3,101.04**	**3,431.33**
	Aggregate Secured loans	3,101.04	3,431.33
	Aggregate Unsecured loans	37,324.26	43,532.91

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.

13	**Deferred Government Grant**		
	Equity component of Financial Liability	8,416.95	10,296.29
		8,416.95	**10,296.29**
13A	**Government Grants**		
	Opening as at 1st April	22.92	-
	Received during the year	-	22.92
	Released to Statement of profit & loss	22.92	-
	Closing as at 31st March	**-**	**22.92**
	Current	-	22.92
	Non Current		
14	**Provision for employee benefits**		
	Non Current		
	Gratuity	5,255.21	5,602.53
	Earned Leave Encashment	2,114.14	2,488.65
	Settlement Allowance	342.32	466.02
		7,711.67	**8,557.20**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		As At 31-Mar-18	As At 31-Mar-17
	Current		
	Gratuity	2,187.25	2,294.91
	Earned Leave Encashment	735.50	1,002.21
	Settlement Allowance	129.96	89.52
	Wage and Salary Revision arrears	3,513.46	4,740.75
		6,566.17	**8,127.39**
	Total	**14,277.84**	**16,684.59**
15	**Trade payables**		
	Acceptances	70.56	102.85
	Dues towards Goods purchased	7,036.93	7,692.24
	Dues to Micro, Small & Medium Enterprises	171.73	729.66
	Total	**7,279.22**	**8,524.75**
	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	171.73	729.66
	Interest due on above and the unpaid interest	180.11	483.91
	Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
	Interest paid	297.53	122.52
	Interest accrued and remaining unpaid at the end of the accounting year.	198.81	514.69
16	**Other Financial Liabilities**		
	Current maturities of long-term Debts	17,878.00	16,808.52
	3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00
	Loan from Govt. of India (Defaulted)	35,391.60	18,583.08
	Govt of India Liabilities	353,063.79	353,063.79
	Term Loans from Bank (Defaulted)	986.50	986.50
	Interest accrued and due on borrowings		
	Loans from Government of India	14,588.53	9,319.71
	Loans from Bank - Dena Bank	2,010.00	1,862.02
	Interest accrued but not due on borrowings		
	Government of India Loan	1,913.94	1,793.64
	Total	**4,29,518.36**	**4,06,103.26**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As At 31-Mar-18	As At 31-Mar-17

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	7,037.17	5,794.65
Sundry creditors - Dues	6,154.46	7,667.00
Other liabilities	37,984.94	39,512.10
Total	**51,176.57**	**52,973.75**

18 Provisions - others

(Rs. in lakhs)

	Warranty Claims	Provision for Contingencies	Others	Total
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)	0.00	0.00	**(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
At 1 April 2017	90.99	314.73	4,561.88	**4,967.60**
Arising during the year	59.82	0.54	0.00	**60.36**
Utilised	(37.68)	(40.20)	0.00	**(77.88)**
Unused amounts reversed	(14.89)	(128.82)	0.00	**(143.71)**
At 31 March 2018	**98.24**	**146.25**	**4,561.88**	**4,806.37**
Current	98.24	146.25	4,561.88	4,806.37

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
19	**Revenue from operations**		
	Sale of Products		
	Food Processing Machinery	788.97	903.34
	Watches	345.15	0.00
	Accessories	93.35	109.20
		1227.47	**1012.54**
	Sale of Services		
	Sundry Jobs and Miscellaneous Sales	24.49	18.22
	Packing / Forwarding charges	13.88	12.24
		38.37	**30.46**
	Total	**1265.84**	**1043.00**
	Machine Tools		
	Sale of Products	15846.94	17585.22
	Accessories	416.19	294.43
		16263.13	**17879.65**
	Sale of Services		
	Sale of Services	302.38	208.55
	Sundry Jobs and Miscellaneous Sales	565.33	1023.63
	Packing / Forwarding charges	71.27	114.19
		938.98	**1346.37**
	Total	**17202.11**	**19226.02**
	Exports		
	Sales & Commission	779.37	704.22
	Technical Services	105.16	281.67
	Project Sales & Services	884.45	279.48
	Export Assistance	4.10	1.52
		1773.08	**1266.89**
	Revenue from Operations	**20241.03**	**21535.91**
20	**Other income**		
A	**Other Income**		
	Recoveries from Staff/Others	266.12	256.81
	Rent Received	1609.24	1139.55
	Gains on Sale of Property, Plant and Equipment	336.28	84.93
	Provisions Withdrawn	491.61	734.62
	Amortisation of Govt. Grant	22.92	0.00
	Other non operating Income	1197.59	1419.48
	Total Other Income	**3923.76**	**3635.39**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
B	**Interest Income**		
	Interest income on Bank Deposits	873.21	527.47
	Interest from Dealers/Others	15.49	21.14
		888.70	**548.61**
	Total Other Income	**4812.46**	**4184.00**
21	**Cost of Raw Materials Consumed**		
	Raw materials and Components		
	Inventory at the beginning of the year	1569.86	1344.76
	Add: Purchases	4022.69	4556.95
		5592.55	5901.71
	Less: inventory at the end of the year	1623.05	1569.86
	Cost of raw material and components consumed	3969.50	4331.85
	Consumption of Stores, Spares, Tools & Packing Materials	3048.53	3764.28
	Less: Stock Written Off		
	Total raw materials and components consumed	**7018.03**	**8096.13**
	Particulars of Materials Consumed		
	Steel	750.44	506.32
	Non-ferrous Metals	12.69	8.62
	Ferrous Castings	737.24	502.35
	Non-ferrous Castings	25.63	62.34
	Forgings	44.02	52.77
	Standard parts & components	2292.64	3091.67
	Others	106.84	107.78
	Total	**3969.50**	**4331.85**
22	**purchase of Stock in Trade**		
	Purchases of Stock in Trade	1502.91	204.07
		1502.91	**204.07**
23	**Changes in Inventory**		
	Finished Goods		
	Inventory at the beginning of the year	3570.99	2652.36
	Less: inventory at the end of the year	3975.63	3570.99
	Changes in Inventory	**(404.64)**	**(918.63)**
	Work in Progress		
	Inventory at the beginning of the year	4803.26	7015.91
	Less: inventory at the end of the year	4994.15	4803.26
	Changes in Inventory	**(190.89)**	**2,212.65**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
	Stock in Trade		
	Inventory at the beginning of the year	0.00	0.00
	Less: inventory at the end of the year	312.72	0.00
	Changes in Inventory	**(312.72)**	**0**
	Goods in Transit		
	Inventory at the beginning of the year	756.06	1036.55
	Less: inventory at the end of the year	279.84	756.06
	Changes in Inventory	**476.22**	**280.49**
	Scrap		
	Inventory at the beginning of the year	15.95	33.31
	Less: inventory at the end of the year	23.49	15.95
	Changes in Inventory	**(7.54)**	**17.36**
	Less: Inventory written off		
	Total	**(439.57)**	**1,591.87**
24	**Changes in Excise Duty on Finished Goods**		
	Inventory at the beginning of the year	440.88	342.81
	Less: inventory at the end of the year	14.94	440.88
		425.94	**(98.07)**
25	**Employee benefits expense**		
	Salaries,Wages and Bonus	8917.32	10533.32
	House Rent Allowance	444.32	398.63
	Gratuity	2432.36	662.23
	Contribution to PF & FPS	903.14	933.31
	Deposit Linked Insurance	60.87	103.20
	Contribution to ESI	23.72	12.10
	Welfare Expenses	1736.89	1807.29
		14518.62	**14450.08**
26	**Depreciation and amortization**		
	Depreciation of tangible assets	995.98	1037.17
	Depreciation on Investment Properties	0.43	0.43
	Amortisation of intangible assetss	13.25	17.68
		1009.66	**1055.28**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
27	**Finance costs**		
	Interest Expense		
	Government of India Loans	5389.12	4883.63
	Cash Credit loans from Banks	464.57	534.34
	Loans from Bank	147.98	147.98
	Others	13.10	16.20
	Other Borrowing Cost		
	Finance Charges	14.75	4.89
	Discounting Charges	2.19	3.85
	Total finance costs	**6031.71**	**5590.89**
28	**Other expenses**		
	Manufacturing Expenses		
	Power and Fuel	1026.21	963.65
	Excise Duty	(136.07)	454.64
	Repairs to machinery	63.39	58.00
	Provision for Non Moving Inventories	161.39	124.99
	Selling & Distribution Expenses		
	Advertisement and Publicity	19.87	37.79
	Carriage outwards	11.40	8.91
	Establishment Expenses		
	Rent	45.86	55.37
	Rates and Taxes	264.31	286.85
	Insurance	25.31	22.64
	Water and Electricity	363.36	387.44
	Repairs to building	45.49	50.27
	Printing and Stationery	41.39	38.05
	Auditors Remuneration #	10.06	8.19
	Provision of loss in value of Equity	0.00	4395.87
	Provision for Doubtful Debts,Loans and Advances	488.01	298.86
	Warranty claims	71.56	59.12
	Loss sustained by PF Trust	26.29	67
	Travelling Expenses	249.27	251.09
	Interest expenses *	604.16	640.07
	Diference in exchange	48.87	(4.19)
	Other Expenses	2708.15	1952.64
		6138.28	**10157.43**

*mainly includes interest on statutory payments

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		Year Ended 31-Mar-18	Year Ended 31-Mar-17
	#As auditor	6.61	5.45
	For taxation matters	1.12	1.09
	Cost audit fee & expenses	0.99	1.10
	For other services	1.00	0.15
	Reimbursement of expenses	0.34	0.33
	Service tax	0.00	0.07
		10.06	**8.19**
29	**Jobs Done for Internal Use**		
	Shop manufactured Special Tools	(134.41)	(97.04)
		(134.41)	**(97.04)**
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

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

(Rs. in lakhs)

	31 Mar 2018	31 Mar 2017
Current assets, including cash and cash equivalents	48.86	45.90
Current liabilities, including tax payable	(7.17)	(4.86)
Equity	41.69	41.04
Proportion of the Company's ownership	0.50	0.50
Carrying amount of the investment	20.85	20.52

Summarised Statement of Profit and Loss of the SUDMO-HMT Process Engineers (India) Limited

(Rs. in lakhs)

	31 Mar 2018	31 Mar 2017
Revenue	3.31	3.33
Finance cost	0.00	0.00
Other expense	(2.44)	(2.37)
Profit before tax	**0.87**	**0.95**
Income tax expense	(0.22)	(0.30)
Profit for the year (continuing operations)	**0.65**	**0.66**
Total comprehensive income for the year (continuing operations)	**0.65**	**0.66**
Company's share of profit for the year	**0.33**	**0.33**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		31 Mar 2018	31 Mar 2017
32	**Income Tax**		
	The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:		
	Statement of profit and loss		
	Profit or loss section		
	Current income tax:		
	Current income tax charge	0.21	4.93
	Deferred tax:		
	Relating to origination and reversal of temporary differences	(12.69)	14.46
	Income tax expense reported in the statement of profit and loss	**(12.48)**	**19.39**
	OCI section		
	Deferred tax related to items recognised in OCI during in the year		
	Net loss/(gain) on remeasurements of defined benefit plans	(4.68)	3.92
	Income tax charged to OCI	**(4.68)**	**3.92**
	Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2017 and 31 March 2018		
	Accounting profit before tax from continuing operations	1.13	25.87
	Accounting profit before income tax	**1.13**	**25.87**
	At India's statutory income tax rate of 33.063%		
	(31 March 2017: 33.063%)	0.29	8.55
	Depreciation	(0.56)	1.84
	Defined Benefit Obligations	(5.70)	13.07
	Effect of lower taxes paid through MAT	0.08	
	At the effective income tax rate of 74.95% (31 March 2017: 35.62%)	**(5.89)**	**23.46**
	Income tax expense reported in the statement of profit and loss	(12.48)	19.39
		(12.48)	**19.39**
	Reconciliation of deferred tax liabilities, net		
	Opening balance as of 1 April	**85.67**	**75.13**
	Tax income/(expense) during the period recognised in profit or loss	(12.69)	14.46
	Tax income/(expense) during the period recognised in OCI	4.68	-3.92
	Closing balance as at 31 March	**77.66**	**85.67**

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 of the Holding Company will be closed.Thereafter, operations closed in the same Financial Year. It is planned that the Holding 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 Ltd, HMT Watches Ltd and 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 31-03-2018	Year ended 31-03-2017
Revenue		
Revenue from Operations	190.13	2,306.81
Other income	5,486.23	2,681.95
Expenses		
Material Consumption, purchase of stock and changes in inventory	1,081.46	1,882.00
Employee Benefit Expenses	814.64	5,401.95
Depreciation	219.21	245.27
Other Expenses	962.11	7,086.10
Finance costs	3,951.36	1,219.27
Other Comprehensive Income	(148.53)	8,643.03
Profit/(loss)before exceptional items and tax from a discontinued operation	**(1,500.95)**	**(2,202.80)**
Exceptional items	(1,786.47)	(37,252.19)
Profit/(loss) before tax from a discontinued operation	**(3,287.42)**	**(39,454.99)**
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	**(3,287.42)**	**(39,454.99)**

The classification of Non Current Assets of Discontinued Operations are as follows

	31-Mar-18	31-Mar-17
Assets		
Property, plant and equipment	856.37	1,050.07
Investment Property	273.30	298.81
Non Current Assets Held for Sale	680.25	698.91
Total Non Current Assets	**1,809.92**	**2,047.79**
The net cash flows incurred as follows:		
Operating	(10,939.26)	(78,270.22)
Investing	630.39	(307.36)
Financing	5,838.64	60,275.35
Net cash (outflow)/inflow	**(4,470.23)**	**(18,302.23)**

Earnings per share:	**31-Mar-18**	**31-Mar-17**
Basic, profit/(loss) for the year from discontinued operation	(0.27)	(3.28)
Diluted, profit/(loss) for the year from discontinued operation	(0.27)	(3.28)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		As at 31-Mar-2018	As at 31-Mar-2017
34	**Contingent Liabilities**		
1)	**Claims against the company not acknowledged as debt; Details**		
i)	Tax related claims pending in appeal		
	i) Excise Duty	439.68	397.84
	ii) Sales Tax	228.90	205.70
	iii) Customs Duty	-	150.00
	iv) Property Tax	5,959.17	4,512.57
	v) Income Tax	1,227.33	1,189.22
	vi) Others	9.49	14.90
b)	Non receipt of related Forms against levy of concessional Sales Tax	597.50	2,016.32
c)	Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	628.56	317.86
d)	Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc	7,164.35	6,856.61
	Guarantees & Counter guarantees & LC's issued	2,485.19	1,587.10
e)	Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	1,398.56	3,087.58
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 Lakhs 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)	Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
v)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	68.87	70.23
vi)	An amount of Rs. 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @ 6% p.a. Out of the above decreetal amount 50% i.e. Rs.3.01 Lakhs has been deposited by the Company		
vii)	Estimated amount of contracts remaining to be executed on capital account and not provided for	757.15	912.58
viii)	Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,598.44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-2018	As at 31-Mar-2017

35 Other Disclosures

The 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 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 Rs. 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

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
Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	742.17	1,233.04
Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.	-	-

38 Trade Receivables include

Dues towards erection and commissioning for a period exceeding one year	210.60	389.71
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.	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

		As at 31-Mar-2018	As at 31-Mar-2017
39	**Advances**		
	Advances include		
	Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	2.85	2.94
	Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	1,743.15	2,565.05
		1,746.00	**2,567.99**
40	**Contigent Asset**		
	Debts written in the past, but action of recovery proceedings is being continued before the courts	167.98	184.98
41	**Related Party Transactions & Disclosure u/s 186 of Companies Act 2013**		
	Name of the Related Party- Key Managerial Persons (KMP)		
	Mr. S Girish Kumar Ms. Shashi B Srivastava Dr. Subhash Chandra Pandey Dr. Ravindra Singh Mr. Vishvajit Sahay Mr. Bhaskara Gowdar (w.e.f. 29.08.2017) Mr. S Kishor Kumar (w.e.f. 08.06.2017)		
	Transactions with Key Managerial Personnel		
	Compensation of key management personnel of the Company		
	Mr. S Girish Kumar	26.81	26.97
	Ms. Shashi B Srivastava	30.43	21.39
	Mr. Bhaskara Gowdar (w.e.f. 29.08.2017)	10.47	-
	Mr. S Kishor Kumar (w.e.f. 08.06.2017)	7.52	-
		75.23	**48.36**
	Directors Sitting Fees paid to Dr. Ravinder Singh	0.35	0.05

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

42 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company'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 2018	**31 Mar 2017**	**31 Mar 2018**	**31 Mar 2017**
Financial assets				
FVTOCI financial investments	217.08	217.08	117.98	94.22
Total	**217.08**	**217.08**	**117.98**	**94.22**
Financial liabilities				
Borrowings	37,324.26	43,532.91	37,324.26	43,532.91
Interest Free Government of India Loan	64,158.00	54,368.00	32,035.86	33,198.11
Total	**1,01,482.26**	**97,900.91**	**69,360.12**	**76,731.02**

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.

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 2018 and 31 March 2017 is as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018

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-18	NAV	117.98			117.98
Assets for which fair values are disclosed						
Investment properties						
Land*	31-Mar-18	Circle rate	306,480.75			306,480.75
Financial Liability						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-18	8% Effective Rate of Interest used	32,035.86			32,035.86

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

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-17	NAV	94.22			94.22
Assets for which fair values are disclosed						
Investment properties						
Land*	31-Mar-17	Circle rate	3,06,480.75			3,06,480.75
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

*** Based on guidance value**

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 BALANCE SHEET

(Rs. in lakhs)

	31 Mar 2018	31 Mar 2017
44. Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	(10,925.30)	(14,642.22)
Discontinued operation	(3,286.54)	(39,452.66)
Total Profit including OCI	**(14,211.84)**	**(54,094.88)**
Less Other Comprehesive income	908.04	306.16
Profit attributable to equity holders for basic earnings	**(15,119.88)**	**(54,401.04)**
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**(15,119.88)**	**(54,401.04)**
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 CONSOLIDATED BALANCE SHEET

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 2018	Year Ended 31 March 2017
Employer's Contribution to Pension Fund	269.45	319.89

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.

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

	31-Mar-18	31-Mar-17
	%	%
Discount rate:		
Gratuity plan	7.53	7.50
Settlement Allowance	7.53	7.50
Future salary increases:		
Gratuity plan	8.00	7.00
Settlement Allowance	8.00	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%
Attrition Rate				
Normal Retirement Age*				
Average Future Service	6.05	7.54	6.05	7.54

*Note : Age 60yrs incase of HMT Limited and HMT(I) Limited.

Age 58yrs incase of HMT Machine Tools Limited, HMT Watches Limited. However there are no employees in HMT Chinar Watches Limited and HMT Bearings Ltd.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

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 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.

A Gratuity

31 March 2018 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-17	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-18
	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	(10,769.56)	(459.42)	(716.97)	(1,176.39)	2,031.51	0.00	0.00	0.00	13.23	28.71	41.94	0.00	(9,872.50)
Fair Value of plan assets	2,916.26	0.00	110.14	110.14	(2,024.22)	(468.43)	0.00	0.00	0.00	0.00	(468.43)	1,982.11	2,515.86
Change in Asset Ceiling	188.81	0.00	14.27	14.27	(7.29)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	195.79
Benefit Liability	**(7,664.49)**			**(1,051.98)**	**(0.00)**						**(426.49)**	**1,982.11**	**(7,160.85)**

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	0.00	(184.63)	8,828.62	8,645.97	0.00	(10,767.58)
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	0.00	(12.77)	2,674.22	2,914.28
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)**

B Settlement Allowance :

31 March 2018 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-17	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-18
	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	(555.54)	(1.12)	(39.70)	(40.82)	115.59	0.00	0.00	(0.55)	0.37	8.67	8.49	0.00	(472.28)
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	0.00
Benefit Liability	**(555.54**			**(40.82)**	**115.59**						**8.49**	**0.00**	**(472.28)**

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	0.00	(11.30)	310.92	299.62	0.00	(555.53)
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	0.00
Benefit Liability	**(966.67)**			**(71.69)**	**183.21**						**299.62**	**0.00**	**(555.53)**

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 2018		As at 31 March 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	451.62	417.69	11,163.31	10,407.78
Change in rate of salary increase	336.00	368.63	10,469.36	11,046.09
Change in withdrawal rates	34.48	41.99	10,744.55	10,792.89

(ii) Settlement Allowance

(Rs. in lakhs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	23.23	21.26	557.68	528.07
Change in rate of salary increase	18.80	21.23	518.30	567.06
Change in withdrawal rates	3.60	3.23	568.82	517.07

C. The expected contributions for gratuity for the next financial year will be Rs.5,890.93 lakhs and Settlement allowance NIL.

46 During the previous year the Holding Company had announced Voluntary Retirement Scheme ("VRS") for the employees of Tractor Business Group, Pinjore. An amount of Rs.1,786.47 lakhs (Previous year Rs 28,528.57 Lakhs) was paid towards Retrenchment/VRS. Further HMT-Watches Ltd, HMT Chinar Watches Ltd & HMT-Bearings Ltd in the earlier years had announced VRS and paid an amount of Rs NIL (Previous year Rs.18,512.85 Lakhs) towards VRS which has been included in discontinued operations as exceptional items.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

47. Segment reporting

(Rs. in lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
Year ended 31 March 2018								
Revenue								
External customers	920.69	17,202.11	1,773.08	345.15	20,241.03			20,241.03
Inter-segment	213.99	506.36	721.43		1,441.78			1,441.78
Total revenue	**1,134.68**	**17,708.47**	**2,494.51**	**345.15**	**21,682.81**	**0.00**	**0.00**	**21,682.81**
Income/(Expenses)								
Depreciation and amortisation	8.30	969.96	14.58	16.82	1,009.66			1,009.66
Interest Income	4.88	201.82	194.08	534.44	935.22			935.22
Interest Expense	7.08	5,874.39	0.00	204.50	6,085.97			6,085.97
Segment profit	**(109.49)**	**(12,924.99)**	**13.60**	**476.03**	**(12,544.85)**		711.51	**(11,833.34)**
Total assets	**1,262.06**	**30,263.92**	**4,481.32**	**10,998.78**	**47,006.08**	**12,351.28**	**2,551.92**	**61,909.28**
Total liabilities	**999.71**	**54,379.42**	**1,181.18**	**12,069.24**	**68,629.55**	**8,910.45**	**4,78,438.48**	**5,55,978.48**
Other disclosures								
Capital expenditure					-			
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	15.52	1,009.96	13.75	16.05	**1,055.28**			1,055.28
Interest Income	0.22	174.49	225.30	214.29	**614.30**			614.30
Interest Expense	30.77	5,395.14	0.00	257.13	**5,683.04**			5,683.04
Segment profit	**221.90**	**(12,759.04)**	**6.48**	**(2,376.55)**	**(14,907.21)**		(41.17)	**(14,948.38)**
Total assets	**550.70**	**32,025.26**	**4,949.23**	**9,013.23**	**46,538.42**	**20,420.96**	**(187.86)**	**66,771.52**
Total liabilities	**1,037.71**	**48,968.22**	**2,055.84**	**13,137.41**	**65,199.18**	**18,920.42**	**4,62,508.40**	**5,46,628.00**
Other disclosures								
Capital expenditure								

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	**31-Mar-18**	**31-Mar-17**
	INR Lacs	**INR Lacs**
Segment profit	**(12,544.85)**	**(14,907.21)**
Inter-segment income and expenses (elimination)	711.51	(41.17)
Profit before tax	**(11,833.34)**	**(14,948.38)**

Reconciliation of assets	**31-Mar-18**	**31-Mar-17**
	INR Lacs	**INR Lacs**
Segment operating assets	**47,006.08**	**46,538.42**
Assets held by Discontinued Operations	12,351.28	20,420.96
Inter-segment (elimination)	2,551.92	(187.86)
Loans	0.00	0.00
Total assets	**61,909.28**	**66,771.52**

Reconciliation of liabilities	**31-Mar-18**	**31-Mar-17**
	INR Lacs	**INR Lacs**
Segment operating liabilities	**68,629.55**	**65,199.18**
Liabilities of Discontinued Operations	8,910.45	18,920.42
Inter-segment (elimination)	0.00	(1,154.93)
Current Tax Liabilities	0.21	4.93
Deferred tax liabilities	77.66	85.67
Borrowings	4,78,360.61	4,63,572.73
Total liabilities	**5,55,978.48**	**5,46,628.00**

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 in the 'adjustments and elimination' column.

Revenue from external customers	**31-Mar-18**	**31-Mar-17**
	INR Lacs	**INR Lacs**
India	4,691.31	3,600.58
Outside India	-	-
Total revenue per consolidated statement of profit or loss	**4,691.31**	**3,600.58**

The revenue information above is based on the locations of the customers.

Food Processing Unit

Revenue exceeding 10% from any individual customers:

During the year Rs. Nil (Previous Year Rs.119.87 Lakhs from 2 customers)

Machine Tools

Revenue from one customer amounted to Rs.4691.31 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2018.

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

48 The Group has an Investment in Gujrat State Machine Tools Corporation Limited being and Associate Company, the Group had not accounted the same as associate. Accordingly on implementation of IND AS the company has accounted as per IND AS 28.

49 The networth of the Group has been completely 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 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.

50 Recent Accounting Pronouncements:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. In addition, limited amendments have been made to some other Ind AS standards (Ind AS's 2, 12, 21, 28 and 40).

The Company is in the process of assessing the impact of the introduction of Ind AS 115- Revenue from Contracts with Customers and the limited amendments to the other Ind AS Standards. The impact, if any, will be disclosed in the financial statements for the quarter ended June 30, 2018.

51 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.

52 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, 2018	-1.07%	5277.76	5.07%	(740.30)	127.74%	511.76	1.61%	(228.54)
Balance as at 31 March, 2017	-1.04%	4994.53	42.07%	(24126.94)	10.76%	349.61	43.95%	(23777.33)
Subsidiaries								
1. HMT Machine Tools Ltd								
Balance as at 31 March, 2018	30.25%	(149737.11)	83.55%	(12209.34)	95.55%	382.80	83.21%	(11826.54)
Balance as at 31 March, 2017	28.65%	(137910.57)	22.79%	(13070.08)	-1.09%	(35.52)	24.23%	(13105.60)
2. HMT International Ltd								
Balance as at 31 March, 2018	-0.78%	3871.71	-0.09%	12.96	3.36%	13.48	-0.19%	26.44
Balance as at 31 March, 2017	-0.80%	3845.27	-0.91%	520.58	-0.24%	(7.93)	-0.95%	512.65
3. HMT Watches Ltd								
Balance as at 31 March, 2018	56.45%	(279428.55)	8.23%	(1202.66)	-129.34%	(518.20)	12.11%	(1720.86)
Balance as at 31 March, 2017	57.70%	(277707.69)	35.14%	(20149.21)	90.33%	2936.07	31.82%	(17213.14)
4. HMT Chinar Watches Ltd								
Balance as at 31 March, 2018	11.82%	(58526.45)	-0.01%	1.46	0.00%	0.00	-0.01%	1.46
Balance as at 31 March, 2017	12.16%	(58527.91)	0.19%	(108.40)	0.01%	0.33	0.20%	(108.07)
5. HMT Bearings Ltd								
Balance as at 31 March, 2018	3.32%	(16412.58)	3.25%	(474.93)	2.70%	10.80	3.27%	(464.13)
Balance as at 31 March, 2017	3.31%	(15948.38)	0.72%	(411.52)	0.24%	7.79	0.75%	(403.73)
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2018	0.02%	(78.84)	0.01%	(0.88)	0.00%	0.00	0.01%	(0.81)
Balance as at 31 March, 2017	0.02%	(78.03)	0.00%	(2.33)	0.00%	0.00	0.00%	(2.28)
Associates (investment as per the equity method)								
Balance as at 31 March, 2018	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Balance as at 31 March, 2017	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, 2018	0.00%	20.85	0.00%	0.33	0.00%		0.00%	0.33
Balance as at 31 March, 2017	0.00%	20.52	0.00%	0.33	0.00%		0.00%	0.33
Total								
Balance as at 31 March, 2018	100.00%	(495013.22)	100.00%	(14613.36)	100.00%	400.64	100.00%	(14212.72)
Balance as at 31 March, 2017	100.00%	(481312.26)	100.00%	(57347.57)	100.00%	3250.35	100.00%	(54097.22)