HMT MACHINE TOOLS LIMITED

CONTENTS

BOARD OF DIRECTORS

Shri. S. Girish Kumar	Chairman
Shri B. M. Shivashankar	Managing Director (I/c) & Director (Technology) (upto 31.10.2017)
Shri. Vishvajit Sahay	Director
Shri Siya Sharan	Director (w.e.f. 08.06.2016)
Shri Raj Kumar	Independent Director (w.e.f.20.06.2016)

STATUTORY AUDITORS

M/s. S. Ramachandran & Co. — Chartered Accountants

BANKERS

UCO Bank

Punjab National Bank

Andhra Bank

State Bank of Travancore

REGISTERED OFFICE

"HMT BHAVAN"

59, Bellary Road

Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

(₹ in lakhs)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING STATISTICS										
Sales	19752	21783	18859	17525	23623	24046	21068	20962	20060	26521
Other Income	2860	2054	2267	5767	1591	2330	1372	2851	3125	2012
Materials	7829	8968	7787	6842	10196	9982	7108	7602	8125	9001
Employee Costs	13176	14588	17059	13411	13402	13864	15248	12410	13754	15901
Other Costs	7,961	5,348	5,280	4,817	2832	5343	7144	4942	5435	6704
Depreciation	1010	965	1004	897	946	978	985	788	565	388
Earning Before Interest	-7364	-6033	-10004	-2675	-2162	-3791	-8045	-1929	-4694	-3461
Interest	5395	4633	2694	2591	2203	1599	1261	739	-250	-387
Earnings /(Loss) Before Tax	-12759	-10666	-12698	-5266	-4365	-4614	-9306	-2668	-3657	-3993
Taxation	0	0	0	0	0	0	0	0	60	57
Net Earnings	-12759	-10666	-12698	-5266	-4365	-4614	-9306	-4580	-3717	-4050
FINANCIAL POSITION										
Net Fixed Assets	6019	6731	7151	8027	8924	8489	9382	9432	7375	4132
Current Assets	27990	27018	27374	25310	23392	22969	21672	25521	31448	40179
Current Liabilities & Provisions	134168	114652	101644	54535	48927	47259	29570	26857	27059	27797
Working Capital	-106178	-87634	-74270	-29225	-25535	-24290	-7898	-1336	4389	12382
Capital Employed	-100159	-80903	-67119	-21198	-16611	-15801	1484	8096	11764	16514
Investments										
Miscellaneous Expenditure							4	6	8	643
Borrowings	10335	16797	19035	4234	3554	0	12675	9,983	9073	10740
Net Worth	-110493	-97698	-86153	-25432	-20166	-15801	-11191	-1887	2691	5773
OTHER STATISTICS										
Capital Expenditure	0	0	0	-3	-1384	-105	-988	-2893	-3809	-710
Internal Resources Generated	-11749	-9701	-11694	-4369	-3419	-3636	-8321	-3792	-3152	-3662
Working Capital Turnover Ratio	-0.19	-0.25	-0.25	-0.60	-0.93	-0.99	-2.67	-15.69	4.57	2.14
Current Ratio	0.21	0.24	0.27	0.46	0.48	0.49	0.73	0.95	1.16	1.45
Return on Capital (%)	7.10	6.94	3.48	3.59	3.71	1.55	-0.51	-2.17	-3.80	-3.95
Employees (Nos)	1651	1902	2218	2567	2950	3278	3652	3808	3826	4188
Per capita Sales	11.96	11.45	8.50	6.83	8.01	7.34	5.77	5.50	5.24	6.33

DIRECTORS' REPORT 2016-17

To,
The Members,
HMT Machine Tools Limited
Bangalore

Dear Members,

Your Directors have pleasure in presenting their eighteenth Annual Report on the business and operations of the Company and Annual Financial Statements of the Company for the Financial Year 2016-17 along with the Auditors' Report there on.

Financial summary / Performance of the Company

(Rs. in crore)

Earnings	Current year 2016-2017	Previous year 2015-2016
Gross Income	197.52	217.82
Profit before Interest and Depreciation	-63.54	-50.68
Finance Charges	53.95	46.33
Gross Profit	-117.49	-97.01
Provision for Depreciation & Amortized	10.09	9.65
Net Profit Before Tax excluding OCI	-127.59	-106.66
Provision for Tax	-	-
Net Profit After Tax	-127.59	-106.66

PERFORMANCE

Your Company achieved a Sales turnover of Rs.197.52 Cr. during the year 2016-17 as compared to Rs.217.82 Cr. in the previous year. The Production performance was Rs.183.83 Cr for the year under review as against Rs.201.44 Cr. achieved during the previous year. Orders valued at Rs. 168.29 Cr. were procured during the financial year 2016-17 as against Rs. 200.65 cr. in the previous year.

The operations of your Company resulted in a Net Loss of **Rs. 127.59 Cr.** as against the Loss of Rs. 106.66 Cr.(excluding OCI) incurred in the previous year.

MARKET SCENARIO AND FUTURE OUTLOOK FOR 2017-18

India is emerging as fastest growing economy in the world. According to The World Bank, the Indian economy will likely to grow at 7.6 per cent in 2017-18 and 7.8 per cent in 2018-19. The industry output grew by 5 per cent during 2016-17 as against 3.4 per cent during 2015-16 led by a good performance in the capital goods sector which registered a growth of 3.1 per cent and manufacturing sector registering a growth of 4.9 per cent. Demonetization had a positive impact on the Indian Economy, which has helped to foster a clean and digested economy on the long run.

The continued investment by the government in public infrastructure is helping the economy to grow. Domestic consumption is also expected to increase due to increase in allowances announced by the central government for 7th Pay commission. The automotive sector is also steadily picking up which is expected to give fillip to MSME's in the country. The development of MSME's is also one of the principle objectives of the Government. All this in turn is expected to boost the demand for machine tools during 2017-18.

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

Dividend

In view of the losses incurred during the year, your Directors are unable to recommend any Dividend on the Paid up Equity Share Capital and Preference Share Capital of the Company for the year 2016-17.

Reserves

In view of the losses incurred during the year, no amount is proposed by the Board to carry to any reserves.

Share Capital

The Issued, Subscribed and Paid up Share Capital of the Company stood at Rs. 719,59,91,370/- consisting of 27,65,99,137 Equity Shares of Rs. 10/ each and 4,43,00,000 Preference Shares of Rs. 100/- each which is entirely held by HMT Limited, the Holding Company. The Networth of the Company as on 31st March 2017 is Rs. (-) 589.44 Cr.

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. As required, the Company has also prepared an Ind As complaint opening Balance Sheet as on the date of transition to Ind AS,i.e, 1st April 2015.

The newly notified Indian Accounting Standards' (Ind As) has replaced the existing Indian GAP prescribed under section 133 of the companies Act, 2013, read with Rule 7 of the companies (Accounts) rules, 2014.

An explanation of how the transition from previous GAP (IGAAP) to Ind As has affected the reporting Balance Sheet, financial performance and cash flows has been provided at Note of the standalone and Consolidated financial statements.

Fixed Deposits

The Company did not accept any fixed deposits during the year and as such there was no outstanding fixed deposits at the beginning / end of the year.

Enterprise Risk management

Establishment of Risk Management system as per provisions of Companies Act, 2013 is under process.

IMPLEMENTATION OF BIFR ORDER

Your Company was registered with Board for Industrial and Financial Reconstruction (BIFR) during the year 2006. The Company has approached the Institutions / Companies and Banks for the reliefs and concessions, as sanctioned by BIFR. The Company appreciates Government of Karnataka, HAL and other agencies who have extended reliefs and concessions to the Company. The reliefs are also under consideration by other Parties as per sanctioned scheme.

The consortium of Banks had challenged before the AAIFR against the relief for refunding excess interest charged over BPLR & penal interest, for the period prior to the registration of the Company as Sick Industrial Company. AAIFR passed the order to the Banks for refund of penal interest for the prior period as agreed by them and advised the Company to approach RBI for waiver of excess interest related to the prior period. However, the RBI has directed the Company to approach the individual banks as it does not come under their jurisdiction vide their mail dated 1st March 2014. The Company has accordingly taken up the matter with the Bank.

In the hearing held on October 2015, the Company informed BIFR that a positive development would take place for Company's turn around. Due to expiry of the scheme, Modified Draft rehabilitation scheme (MDRS) to be submitted. The DHI has moved a CCEA Note with the strategy for the revival of the Company. The hearing scheduled to be held during April 2016 has been postponed.

The Ministry of Finance by way of notifications dated November 25, 2016 ("Repeal Notification"),has repealed the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") effective December 1, 2016 . Accordingly, the Board for Industrial and Financial Reconstruction ("BIFR") and the Appellate Authority for Industrial and Financial Reconstruction ("AAIFR") has been dissolved. However, Any scheme sanctioned under sub-section (4) or any scheme under implementation under sub-section (12) of section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 shall be deemed to be an approved resolution plan under sub-section (1) of section 31 of the Insolvency and Bankruptcy Code, 2016 and the same shall be dealt with, in accordance with the provisions of Part II of the said Code.

Particulars of Employees

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014

Human Resources

The total employee strength of the Company as on 31.3.2017 stood at 1651, during the year under review, 260 employees have separated from the Company.

The details of different categories of personnel in position as on 31.3.2017 are given hereunder:

Scheduled Castes	306
Schedule Tribes	75
Other Backward Class	472
Ex-service men	4
Person with Disabilities (PWD)	25
Minority	204

EMPLOYEE RELATIONS

Harmonious and cordial Industrial relations prevailed throughout the Company during the year despite difficulties faced in operation. Further, no IR problems were noticed during the year.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The efforts towards implementation of official Language Act, Rules and Policy as per the directives of Govt. in the Company is continuous. The Official Language Implementation Committee has been constituted in all the Units of the Company as well as Corporate Office, Bangalore to monitor Implementation of Official Language Act, Rules, Policy etc., which meets at regular interval in every quarter.

In order to propagate the usage of Hindi as Official Language, Hindi Pakhwada was observed during the month of September 2016. Various competitions in Hindi Story Writing, Hindi News Paper Reading, Hindi Quiz writing, Hindi conversation, Hindi Antyakshari etc., were organized and participants were awarded prizes. A workshop was organized during the above period. The Company regularly take part in the meetings and competitions organized by Town Official Language Implementation committee.

Vigilance Activities

The Company has adopted a pro- active approach to bring vigilance awareness amongst all employees and other stakeholders. The vigilance cells at all units are functioning and keeping watch on the overall activities of the Company. The vigilance officers at each unit carry out surprise checks and periodic inspection in various departments. Reporting system is being adopted to monitor and keep vigil on overall administration. Transparency in various areas of the Company / operations helps to achieve vigilance objectives.

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

CORPORATE GOVERNANCE

Your Company is committed to the adoption of best Governance practices and its adherence in the true spirit, at all times. Being a Government Company, appointment of Directors and fixing remuneration for Directors are decided by Govt. of India. With a view to strengthening the Corporate Governance framework, the Department of Public Enterprises, GOI has issued the Guidelines on Corporate Governance for PSE's which are mandatory from the financial year 2010-11. In line with the guidelines your Company strives for excellence through adoption of best governance and disclosure practices.

A report on the Corporate Governance is annexed as part of this report along with the Compliance Certificate from the Auditors. A Report on Management Discussion & Analysis and a declaration by the Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Members and Senior Management for the year ended March 31, 2017 is also appended to this Report.

Events subsequent to the date of financial statements

No Material changes and commitments affecting the financial position of the Company occurred between the end of the Financial year to which this financial statement relates on the date of this report.

Significant and material orders

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and company's operations in future.

Particulars of Loans, guarantees or investments under section 186

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

Particulars of contracts or arrangements with related parties

There were no major contracts or arrangements made with related parties as defined under section 188 of the Companies Act, 2013 during the year under review.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under report, the Company has not received any complaint.

Transfer of Unclaimed dividend to Investor Education and protection Fund

Since there was no unpaid /unclaimed Dividend declared and paid last year, the provisions of section 125 of the Companies Act, 2013 do not apply.

Directors' Responsibility Statement

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

- ✓ that in the preparation of the annual financial statements for the year ended 31.03.2017, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended on that date;
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;
- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;
- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ✓ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE). the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

Extract of Annual Return

The extracts of Annual Return pursuant to the provisions of Sec 92 read with Rule 12 of the Companies (Management and administration) Rules 2014 is furnished in annexure to this report.

AUDITORS

M/s S Ramachandran & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company for the year 2016-17 by the Comptroller & Auditor General of India and separate Branch Auditors were also appointed for the Company.

Disclosure about Cost Audit

Your company has appointed Cost Auditors for the year 2016-17 to conduct cost audit for various units as under:

1) M/s Venkanna & Co., Cost Accountants, for auditing the cost records maintained by the Company in respect of MBX, MTK, MTH, PTH and consolidation audit of HMT Machine Tools Limited.

2) M/s M K & Associates, Cost Accountants for auditing the cost records maintained by the Company in respect of MTP Unit.

3) M/s Mehta N. & Associates., Cost Accountants for auditing the cost records maintained by the Company in respect of MTA unit.

Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, Mr. D Venkateswarlu, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as annexure to this report along with management response there to.

Declaration from Independent Directors

The Company has received necessary declaration from Independent director of the company under section 149(7) of the Companies Act, 2013 stating that the Independent director of the Company meet with the criteria of their Independence laid down in section 149(6) of the Companies Act, 2013.

Directors and Key Managerial Personnel

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. F.No.5(8)/2010-P.E.X dated 8th June, 2016 appointed Shri Siya Sharan, CCA, Ministry of Industry, as part time Official Director on the Board of the Company with immediate effect, until further orders vice Shri S.S. Dubey the then CCA, Department of Industry.

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. F.No.5(42)/2007-P.E.X (Pt.) dated 20th June, 2016 appointed Shri Raj Kumar , Assistant Professor, University of Delhi, as Non-official Independent Director on the Board of the Company with immediate effect for a period of three years, or until further orders, whichever is earlier.

Shri S Girish Kumar retires at the ensuing Annual General Meeting and is eligible for reappointment.

Acknowledgements

The Directors are thankful to HMT Limited, the Holding Company, its Subsidiaries, various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Ministry of Corporate Affairs, Comptroller & Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, Director General Supplies & Disposals, Director General, Ordnance Factories, various State Governments, Suppliers and Dealers, the Consortium of Banks led by UCO Bank and valued customers of the Company both in India and abroad for their continued co-operation and patronage.

The Directors also wish to sincerely appreciate the contributions made by the employees at all levels in the operations during the year, despite the difficult situation faced by the Company.

For and on behalf of the Board of Directors

(S. Girish Kumar)
Chairman

Place: Bangalore
Date : October 31, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

A Industry Structure and Development

The Indian Machine tool Industry has around 1000 units in the production of machine tools, accessories/attachments, subsystems and parts. Of these, around 25 in the large scale sector account for 70 percent of the turnover and the rest are in the SME sector of the industry. Approximately, 75 per cent of the Indian machine tool producers are ISO certified. While the large organized players cater to India's heavy and medium industries, the small-scale sector meets the demand of ancillary and other units. The Machine Tools industry can be broadly classified into metal-cutting and metal-forming tools, based on the type of operation. Metal cutting accounts for 79 per cent of the total output of machine tools in India. Key metal cutting tools include turning centres, machining centres and grinding centres which account for nearly two-thirds of the total metal cutting production. Metal forming is dominated by presses, which account for 60 percent share. Based on technology, machine tools can be classified into CNC (Computerised Numerically Controlled) and conventional machine tools. CNC machine tools, which are highly productive and cost effective comprising nearly 95 percent of machine tools. Of these, CNC turning centres, machining centres and grinding centres are the biggest segments, accounting for nearly 82 per cent of the total CNC machine tools production in India. During 2016-17, Country's consumption of machine tools was Rs.11616 Cr. out of which contribution from domestic production is around Rs.5803 Cr. the gap of Rs.6173 Cr. is addressed by imports which is around 53% of total consumption. 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 2016-17 there is a growth of 22% in export of Machine Tools with respect to corresponding period of last year which indicates that there is demand for Indian Machines abroad.

B Strengths:

- Strong brand image.
- Wide variety – Conventional, CNC, Special purpose & metal forming machines.
- Good infrastructure for manufacturing machine tools.
- Proven experience for component-oriented SPMs built to international standards
- Qualified & experienced engineers and technicians.
- Manufacture of machine tools established through renowned collaborations and in-house R&D.
- Focus group for strategic segments
- Country wide sales and service network.

C Opportunities:

- Expansions in strategic sector, will fuel demand for Machine Tools.
- Growth in power, nuclear power, Aerospace to fuel demand for Machine Tools.
- Impetus being given by Government for growth in manufacturing sector (Make in India).
- Global hub for manufacturing components
- Tie- up with major players in the field and diversification to medical equipments manufacturing

D Threats:

- Increasing interest rates
- Lowering of import duty.
- Influx of second hand / reconditioned imported machines.
- shortage of skilled Manpower in critical area

E Segment wise or Product wise Performance

Segment wise Performance: Segment wise sales for the year 2016-17 of the Company is as under-

Sector	Rs. in Lakhs
Auto & Auto Ancillary	928
Railways	414
Defence	11189
Agricultural Machinery	48
Mining & Metals	787
Industrial Machinery	65
Industrial Intermediates	382
Power	707
Consumer Durables	55
Others	3116
Total	**17691**

F Outlook

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

G Internal Control System and their Adequacy

The Company has appropriate Internal Control systems for business processes, with regard to efficiency of operations, financial reporting & controls, compliance with applicable laws and regulations, etc. The salient features of internal control system are:

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

H Financial Performance

The Turnover of the Company during the year 2016-17 was Rs.176.91 Cr. as compared to Rs. 196.51 Cr. of the previous year. During the year, the Company incurred a Net Loss of Rs. 127.59 Cr. as against a Net Loss of Rs. 106.66 Cr. incurred during the previous year.

The borrowings of the Company as on 31.03.2017 stood at Rs. 103.35 Cr. including loans from Govt. of India availed though HMT Limited, the Holding Company.

I Human Resources

Your Company continues to believe that Human Resources would be a critical factor for its growth. The emphasis was on grooming in-house talent enabling them to take higher responsibilities. Training and retraining was provided to the employees during the year. The key focus remained on retaining and talents grow to meet the growth, aspirations of the Company.

J Corporate Social Responsibility

HMT Group has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community.

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Companies Act, 2013 the Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance.

Board of Directors

As on 31.03.2017, the Board of Directors comprised of Chairman, Managing Director(I/c) and Director (Technology), one part -time Official Director and one Non official Independent Director. Currently the positions of one part-time NON Official i.e. Independent Directors is vacant.

During the year 2016-17, five Board Meetings were held on May 30, June 23, September 28, December 26, in the calendar year 2016 and on January 31, in the calendar year 2017. The composition of Directors and their attendance at the Board Meetings and at the General Meetings during the year are as follows:

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	General Meeting	Directorship	Committee	
					Membership	Chairmaship
Shri S.Girish Kumar	C & NENI	5	1	7	-	-
Shri Vishvajit Sahay	NENI	4	NA	5	1	-
B. M. Shivashankar	ENI	5	1	5	-	-
Shri Siya Sharan Appointed w.e.f. 08-06-2016	NENI	1	NA	2	3	-
Shri Raj Kumar Appointed w.e.f. 20-06-2016	NEI	2	NA	0	-	-

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

Brief Resume of Directors appointed during the period

Shri Siya Sharan

Shri Siya Sharan, aged 47 years is an ICSA Officer of 1993 batch. He is M.A. in Sociology from Jawahar Lal Nehru University and qualified Jr. Research Fellowship of UGC in Sociology. He has a rich and varied experience in the field of Finance, Budget and Accounts, Payments, and Treasury Functions in various Ministries including Ministry of Steel and Mines, Ministry of Agriculture, CBDT & CBEC. He also had teaching experience as Associate Professor and Chief Administrative Officer at National Institute of financial management.

Shri Siya Sharan Chief Controller of Accounts, Ministry of Industries and Department of Public Enterprises has been appointed as part time official Director on the Board of Directors of the Company w.e.f. 8th June, 2016.

Shri Siya Sharan, presently is in the Board of Directors in HEC and EPI (Ltd) and also posted as Chief Controller of Accounts, Ministry of Industry, looking after the Budget and Accounts, Payment and Treasury functions of DIPP, DHI, DPE and MSME. He handled Integrated Finance functions of PIB in Ministry of I & B as Integrated Financial Adviser. He has undergone training programme at Duke University, IIM Lucknow, IIM Bangalore, NIFM and ICISA.

Shri Raj kumar

Shri Raj kumar, aged 49 years is an Asst. Professor, Department of Political Science in Shyama Prasad Mukherji College, University of Delhi. He is M.A. , M.Phil, NET / JRF and pursuing Ph.D. He is also an Editor in Chief of

Samajik Nyay Sandesh which was published by Ambedkar Foundation under the Ministry of Social Justice and Empowerment. He is also General Secretary for SPACE (Society for Promotion of Awareness, Cultural and Education) which is a Non Government Organization. Shri Rajkumar published books on National Reservation Policy and AMU. He has also published number of articles in the leading newspapers, magazines and journals etc.,

Shri Raj kumar is a political analyst and social activist and participated on the political and social debates in news channel (DD News, Loksabha TV, National News etc. He has presented papers on Dr. Ambedkar and Gandhi Thoughts.

Shri Raj Kumar, Assistant Professor, University of Delhi has been appointed as Non-official Independent Director on the Board of the Company with effect from 20th June 2016 by Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

Committees of the Board

The Audit Committee of the Company has been reconstituted on 30 May 2017.

Remuneration of Directors

The details of remuneration of whole time Director is given below:

(Amount in Rs.)

Sl. No.	Particulars	Shri B.M. Shivashankar
1	Salary	10,92,536
2	Provident Fund	1,31,106
3	Others (W.A., EL & P.Bonus	47,812
4	Gratuity	52,824
5	Medical benefits	0
	Total	**13,24,278**

Sitting fees of Rs. 1,500/- per meeting is paid to the Independent Director for attending meetings of the Board and Committees. Conveyance for attending Board Meetings is reimbursed by the Company as per actual. Rs. 500/- is reimbursed to the Director using personal conveyance for attending the meeting.

General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Venue
2013-14	29.09.2014	3.30 P.M.	Registered Office at No.59, Bellary Road, Bangalore-560 032
2014-15	14.09.2015	11.00 A.M.	As above
2015-16	28.09.2016	11.45 A.M.	As above

Annual General Meeting for the current year is scheduled to be held in the month of November 2017 at the Registered Office of the Company.

Disclosures

There were no transactions of material nature with its Promoters, the Directors or the Management or their relatives which may have the potential conflict with the interest of the Company at large.

The Company has filed the statutory returns for the year 2015-16 with the Ministry of Corporate Affairs/ ROC, Bangalore.

There are outstanding Statutory Dues payable by some of the Units of the Company.

Means of Communication

Being a wholly owned subsidiary, Company submits financial results periodically to M/s HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmtmachinetools.com.

Annexure to the Directors' Report

Conservation of Energy, Technology absorption and foreign exchange earnings and outgo:

A. The details of conservation of energy, technology absorption, foreign exchange Earnings and outgo are as follows:

a) Energy Conservation measures taken:

i. Created awareness of the importance of energy conservation and practices among employees & residents has resulted in reduction of electricity consumption.

ii. Idle running of Machines avoided.

iii. Lights / Fans / Ex-Fans etc being switched off when not in use.

iv. Compressed air leakage minimized and are being switched off during shift change / Lunch break

v. Instead of using of 150Hp compressor, 50 Hp compressors are put to use

vi. Optimum usage of all electrical appliances

vii. Controlling the Maximum demand of electricity to reduce the Electricity Bill and usage of Natural light

viii. Job planning in Heat Treatment / Foundry Furnaces resulted in reduction of specific energy consumption

ix. Running Induction Furnace on Sunday to reduce maximum demand and consumption of diesel

x. Maintaining Power factor up to 0.98 and getting cash rebate in Electricity Bill during 2016-17

xi. Replacing fluorescent tubes with LED lights & Solar Panels

xii. Using solar energy in the canteen for cooking

xiii. Preventive maintenance of power capacitors at sub station

xiv. Underloading of Stress Relieving Furnace is avoided.

xv. Maximised utilization of Omega sand mixer thereby savings in energy.

xvi. Maximised utilization of medium frequency furnace and reduced usage of line frequency furnaces in Foundry.

b) Additional investments and proposals, if any being implemented for reduction of energy consumption:

Planning to set up of rooftop Photovoltaic Solar Power Plants at all manufacturing units to meet captive power requirement of manufacturing unit, street lighting, residential colony, shopping complex.

c) Impact on cost of Production of Goods:

The above mentioned measures have resulted in substantial reduction in consumption of electrical energy at various load centers and helped in reducing the energy cost.

d) Total energy consumption per unit of production:

Not applicable, as the Company is not covered in the list of specified industries.

B. TECHNOLOGY ABSORPTION-FORM B

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company:

a. Technology tie-up with Fraunhofer, Germany for design & development of high accuracy 'C' Axis for SBCNC 60 N Lathe and 4 Guideway 20 Ton CNC lathe.

b. Technology tie-up with M/s Innese Berardi Spa, Italy for supply of core components and services for CNC Vertical Facing Mill, CNC Horizontal

Machining Centres, CNC Ram Type Horizontal Boring machine, Reconditioning of ALT-160 machines.

c. Technology tie-up with M/s IIT, Mumbai for development of 3D Printing Moulding.

d. Tie-up with IIT, Hyderabad to provide opportunities for research & development activities, Joint Research Projects, utilizing the infrastructure facilities in the area of engineering and state of art technology for mutual benefits

e. Tie-up MNIT, Jaipur to impart projects, in-plant training to students at HMT MTL, Ajmer & Joint Research & Consultancy Projects.

Technology Tie-ups (under process)

i) Medical Equipment with Enit, Germany

ii) Industrial Robotics with Hiwin, Taiwan

iii) Production of Titanium, Set up of Turbines Manufacturing, MRO for existing turbines supplied in India with M/s Paton Turbine Technologies, Ukraine & M/s Delta Wilmar, Ukraine.

iv) Setting of Centre of Excellence with M/s iMove, Germany.

A. Technology enhancement / up-gradation for product development:

- In-house development of State of the Art GGM-250 CNC Gear Grinding Machine with NUM Control Systems. Applied for Patent Registration.
- In-house Design, Development, Manufacture & supply of three new products – Stallion 200 TMY, Low cost NH18 Centre Lathe & SBCNC 60 N CNC machine by Kalamassery Unit .
- Supplied largest & heaviest Rotary Table (Dia 4.8 m, 200 t) to M/s SHAR, ISRO, Shriharikota in collaboration with Innse Berardi, Italy.
- Development of High Accuracy Pallet Changer for VTL 417 Machine.
- In-house developed Heavy duty Angular Milling Attachments for VTL,s
- In House Design, Development, manufacture of low cost CNC Trainer Lathe & CNC Trainer Machining Centre for ITI's by Ajmer Unit.
- Design & manufacture of CNC Heavy duty Centreless Grinding Machine consisting of 3 lines axes + 2 rotary axes, model GCL300 TG CNC with auto loading and unloading of bearing races to M/s Timken India, Jamshedpur.
- Developed 5 Axes CNC Filament Winding Machine with turning attachment.
- Anti Centrifugal Hydraulic Power Chuck of size dia 200 mm and dia 250 mm were developed & exhibited in IMTEX-2017 held at Bengaluru.

B. Development of existing machines:

a. Development of Vertical Machining Centre Model : VMC 1200 M with extended traverse 700 MM x 700 mm, supplied to Ordnance Factory, Medak.

b. Development of 3 Axes Centreless Grinding Machine with fixed grinding head Model CNC GCL 140 FGH supplied to M/s Heavy Vechicles Factory, Avadi, for grinding various types of components

B1. Other Initiatives from company:

a. Greater emphasis on Preventive Maintenance and efficient Spares Management for Plant & Machine to reduce breakdown and production loss.

b. Need based out sourcing of B and C class item operations.

c. Establishment of two more Skill Development Centers on "Shrameva Jayathe" and "Make India " initiative of Government of India.

d. Participated in Hannover Messe-2016 trade fair held at Hannover.

2. Benefits derived as a result of the above R&D

Improvement in order inflow

3. Future Plans of action:

a. Setting up of Centre of Excellence at Machine Tool Bangalore Complex.

b. Setting up of two more Skill Development Centers, under implementation.

c. Development of new generation Servo Manipulator for IGCAR.

d. Development of Nuclear Projects for NFC. BARC & IGCAR.

e. Medical Equipments & accessories.

f. Winch Assembly for Indian Navy under progress.

g. 5 axes CNC Filament Winding Machine with turning attachment.

h. Industrial Robotics with Hiwin, Taiwan

4. Expenditure on R & D Particulars (Rs. in Lakhs)

a) Capital	Rs.	-
b) Recurring	Rs.	165.45
Total	Rs	165.45

5. Total R & D Expenditure (as % of Turnover) 0.84%

6. Technology absorption, adaptation and innovation & MOU's signed

a. JWA signed with M/s Fraunhofer, Germany on 22.08.2016 for design & development of high accuracy 'C' Axis for SBCNC 60 N Lathe and Headstock Analysis of CNC 4 Guideway Heavy Duty Lathe for load carrying capacity upto 20 tons

b. Technology tie-up with M/s Innse-Berardi SPA, Italy for supply of core components and services for CNC Vertical Facing Mill, CNC Horizontal Machining Centres, CNC Ram Type Horizontal Boring Machines & Reconditioning of ALT-160 machines.

c. Technology tie-up with M/s IIT, Mumbai for development of 3D Printing Machine.

d. Entered JWA with IIT, Hyderabad to provide opportunities for research & development activities, Joint Research Projects, utilizing the infrastructure facilities in the area of engineering and state of art technology for mutual benefits

e. Entered JWA with MNIT, Jaipur to impart projects, in-plant training to students at HMT MTL, Ajmer & Joint Research & Consultancy Projects.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports, initiatives taken to increase export markets for products and services and plans:

Exports of the Company's products are managed by HMT (International) Limited, the wholly-owned subsidiary of HMT Limited, the Holding Company Total Foreign Exchange used and earned:

	PARTICULARS	**(Rs. in Lakhs)**
1.	Foreign Exchange earned	Nil
2.	Outgo of Foreign Exchange (CIF value of imports)	28.44
3.	Expenditure in Foreign currency on account of travelling	3.31
4.	Currencies on account of Royalty, Know-how/Professional Fees, Interest and other matters	-

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	U02922KA1999GOI025572
ii.	Registration Date	:	August 09, 1999
iii.	Name of the Company	:	HMT Machine Tools LIMITED HMT Bhavan, 59, Bellary Road, Bangalore – 560 032
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- 23338949 Email : mtmcos@hmtmachinetools.com
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	HMT Machine Tools LIMITED Ph.: 91- 80-23330333 Fax: 91-80- 23338949 Email : mtmcos@hmtmachinetools.com

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	Manufacturers of machine tools for turning, drilling, milling, shaping, planning, boring, grinding etc.,	28221	94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidary Joint Venture	% of shares held associate
1	HMT Limited	L29230KA1953PLC000748	Holding	100

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
		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									
(b)	Central Government/State Government(s)									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0	276599137	276599137	100	0	276599137	276599137	100	0
	Sub-Total A(1) :	0	276599137	276599137	100	0	276599137	276599137	100	0
(2)	FOREIGN	NIL								
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	0	276599137	276599137	100	0	276599137	276599137	100	0
(B)	PUBLIC SHAREHOLDING	NIL								
	Sub-Total B(1) :	-	-	-	-	-	-	-	-	-
(2)	NON-INSTITUTIONS	Nil								
	Sub-Total B(2) :	-	-	-	-	-	-	-	-	-
	Total B=B(1)+B(2) :	-	-	-	-	-	-	-	-	-
	Total (A+B) :									
(C)	Shares held by custodians, against which	NIL								
(1)	Depository Receipts have been issued Promoter and Promoter Group									
(2)	Public									
	GRAND TOTAL (A+B+C) :	0	276599137	276599137	100	0	276599137	276599137	100	0

ii) Shareholding of Promoters

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.	HMT Limited	276599137	100	NIL	276599137	100	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	276599137	100	276599137	100
	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	276599137	100	276599137	100

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

For Each of the Top 10 Shareholders	Shareholding at the beinning of the year		Shareholding at the beinning of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Not Applicable				

v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
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-

None of the Directors or Key Managerial Personnel is holding any shares in the company.

V. INDEBTEDNESS

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2016				
i) Principal Amount	2,902.53	34,852.80	-	37,755.33
ii) Interest due but not paid	-	4,619.14	-	4,619.14
iii) Interest accrued but not due	-	1610.58	-	1,610.58
Total (i+ii+iii)	**2,902.53**	**41,082.52**	**0.00**	**43,985.05**
Change in Indebtedness during the financial year				
- Addition	381.52	4883.63	-	5265.15
- Reduction	-	-	-	0.00
Net Change	**381.52**	**4883.63**	**0.00**	**5265.15**
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	3284.05	34852.80	-	38136.85
ii) Interest due but not paid	-	9319.71	-	9319.71
iii) Interest accrued but not due	-	1793.64	-	1793.64
Total (i+ii+iii)	**3284.05**	**45966.15**	**0.00**	**49250.20**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director:

Amount in Rs.

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager Shri B. M. Shivashankar
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	 10,92,536 - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, (W.A, EL & P. Bonus)	47,812
5	Provident Fund	1,31,106
6	Gratuity	52,824
7	Medical Benefits	-
	Total (A)	13,24,278
	Ceiling as per the Act	-

B. Remuneration to other Directors:

Independent Directors :

Particulars of Remuneration	*Shri. Raj Kumar (Independent Director)*
- Sitting fees for attending board/committee meetings	3,000/-
- Commission	-
- Others, please specify	-
Total (1)	3,000/-
Other Non-Executive Directors	
Particulars of Remuneration	-
Total (2)	-
Total (B)=(1+2)	3,000/-
Total Managerial Remuneration	-
Overall Ceiling as per the Act	-

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

Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Shri Om Prakash Singh (Company Secretary)
1.	Gross salary(a)Salary as per provisions contained in section 17(1) of the Income -tax Act,1961	4,88,765
	(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, (W.A, EL & P. Bonus)	-
5.	Provident Fund	58,652
6.	Gratuity	22,990
	TOTAL	**5,70,407**

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				

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2016-17

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the

Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts/arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

(f) date(s) of approval by the Board: Not Applicable

(g) Amount paid as advances, if any: Not Applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts/arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Date(s) of approval by the Board, if any: Not Applicable

(f) Amount paid as advances, if any: Not Applicable

On behalf of the Board of Directors

(S. GIRISH KUMAR)
Chairman

Place: Bangalore
Date : October 31 ,2017

Form No. MR-3

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

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

To
The Members
M/s. HMT Machine Tools Limited
(CIN: U02922KA1999GOI025572)
No.: 59, Bellary Road,
Bangalore - 560 032

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

Management's Responsibility for Secretarial Compliances:

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

Auditor's Responsibility:

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2017 (Audit Period) generally complied with the applicable statutory provisions 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. HMT Machine Tools Limited for the financial year ended on 31st March 2017 according to the provisions of:

i. The Companies Act, 2013 and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made there under;

iii. 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.**

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

i. Secretarial Standards with respect to Board and general meetings issued by The Institute of Company Secretaries of India.

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:

- ***During the year under review, the company did not have the required number of non-executive directors, Independent Directors as on 31st March 2017 in terms of Section 149(4) of the Companies Act, 2013.***
- ***The Company has not appointed Chief Financial Officer, in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review.***
- ***The Company has not constituted Audit Committee and Nomination & Remuneration Committee.***
- ***No actuary valuation has been obtained in respect of contributions required for Provident Fund liability by the Company as per the requirements of IND AS-19 "Employee Benefits".***

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines / Rules applicable specifically to the Company:

- Department of Public Enterprises Guidelines
- Guidelines issued by Ministry of Heavy Industries & Public Enterprises.
- Orders / Regulations issued by the Govt. of India from time to time.

I further report that:

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

b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Place: Bengaluru
Date : 26th October 2017

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

“Annexure - A”

To
The Members
M/s. HMT Machine Tools Limited
(CIN: U02922KA1999GOI025572)
No.: 59, Bellary Road,
Bangalore - 560 032

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

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

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

Place: Bengaluru
Date : 26th October 2017

CERTIFICATE OF CORPORATE GOVERNANCE

To

The Members of HMT Machine Tools Limited,

We have examined the compliance of conditions of corporate Governance by **HMT Machine Tools Limited** (The Company) for the year ended on **31st March, 2017,** as stipulated in guidance on corporate governance for Central Public Sector Enterprises.

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

The compliance relating to independent directors as required under corporate governance guidance have not been fulfilled and the Audit committee was not reconstituted during the year. However, the Audit Committee was reconstituted on May 30,2017.

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

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

For M/s S Ramachandran & Co
Chartered Accountants
Firm No 006775S

Ramachandran S
Partner M.No. 018355

Place: Bengaluru
Date : July 28, 2017

DECLARATION BY THE MANAGING DIRECTOR

Sub: **Code of Conduct - Declaration under Clause 3.4.2**

This is to certify that:

In pursuance of the provisions of Clause 3.4.2 of Corporate Governance Guidelines of DPE, a Code of Conduct for the Board Members and Senior Management Personnel is in place.

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, and the Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2017.

Sd/-
(B. M. Shivashankar)
Managing Director (I/c)

Place: Bengaluru
Date : 31st Oct. 2017

INDEPENDENT AUDITOR'S' REPORT

TO THE MEMBERS OF HMT MACHINE TOOLS LIMITED

Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **HMT MACHINE TOOLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

This audit report is in substitution of our earlier report dated 28th July 2017 in the light of C&AG's observations.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 financial position of the company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;

b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Subject to

1. The Company has not determined by actuarial valuation liability for Provident Fund dues as at 31st March 2017. Consequent effect of the same on the financial statements for the year is not ascertainable. As per Ind AS 19, where in terms of any plan the enterprise's obligation is to provide the agreed benefits to current and former employees and the actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the enterprise, the plan would be a defined benefit plan. Accordingly, provident funds set up by employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with the requirements of Ind AS 19. Hence this is not in compliance with the Ind AS 19 "Employee Benefits".

2. The Pinjore unit has not written off the material in transit of Rs.76.57 lakhs which is lying in custom house as informed by the management since 1998-99 to 2001-02. However the unit has made the provision against the same of Rs.76.57 lakhs. The unit has not obtained any confirmation from customs department whether material is lying in custom house or not. So there is no certainty that material will come to unit and accordingly this material in transit should be write off and provision related to same also reversed back.

3. The Pinjore unit has not made the provision during the year on account of demurrages, interest and warehouse rent on the above material in transit without any communication from custom department. Total liability against the above material in transit lying in the books as on 31/03/2017 is of Rs. 109.08 lakhs for demurrages, interest and warehouse rent. The above expenses and provision should also be reversed.

4. No Interest liability is provided for on unpaid gratuity amount to the retired employees except for a provision of Rs 79.53 made by Pinjore unit as the estimated liability on interest could not be arrived at.Accordingly the loss for th e year has been understated asking with the understatement of liability.

5. Interest Liability on the unpaid amount of Provident Fund Contributions to the fund has not been provided and its impact on the Financials of the company could not be ascertained due to non availability of required information.

6. During the financial year a portion of the land used for "Roads" measuring approx. 4.25 acres have been acquired by Bruhat Bangalore MahanagaraPalike (BBMP). As per the court direction land compensation of Rs.18.00 crores has been fixed valuing the land @ 1.65 times the guidance value of land (fixed by Government of Karnataka) at Rs.2.70 Crores per acre. During the year BBMP has paid adhoc land compensation deposit of Rs.12 crores, pending joint measurement and issue of Correct Dimension Report (CDR). Since the land is not transferred to BBMP following legal procedure, the said land measuring 4.25 acres is continued to be shown as fixed assets, even though BBMP has taken over the possession of said land (Road).

7. Attention is also invited to clause no-(i) c to annexure A of audit report regarding title deeds not held in the name of the company.

Emphasis of Matters

1) No provision is made for the liability if any, towards the interest payable under Micro, Small and Medium Enterprise Development Act 2006to the extent of non-confirmation of balances by the vendors as on 31st March 2017. The impact on non provision of such interest on the financial result cannot be quantified due to unavailability of required information.

2) The balances of Trade payables, receivables and margin deposits and other loans and advances are subject to final confirmation from parties.

3) There are certain liabilities due at various units over a period of more than five years which as per the policy should have been written back which has not been done pending reconciliation.

Our opinion is not qualified in respect of these matters.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 1st August 2016 and 1st July 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

We did not audit the financial statements/information of 6 (Six) branches included in the standalone Ind AS financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 3,40,09,31,516/- as at 31st March, 2017 and total revenues of Rs.2,26,12,70,250/- for the year ended on that date. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditors 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 Annexure -A statements on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

2) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

(c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and standalone Ind AS dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

(e) Subject to matters described in the "Opinion" paragraph above, in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) Being a Government Company provision of Section 164(2) of Companies Act, 2013 is not applicable as per notification dated 5th June 2015 issued by the Department of Company affairs, Government of India.

(g) With respect to the adequacy of the internal financial controls over the financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B.

h) In our opinion and according to the information and explanations given to us, the company has adequate internal financial controls with reference to financial statements in place and such financial controls are effective in operation.

I) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.

i. The company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.

ii. The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable loses.

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

iv. The company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note to the standalone Ind AS financial statements.

3) As required by section 143(5) of the Act, We have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company in Annexure-C.

For M/s S Ramachandran & Co
Chartered Accountants
Firm No 006775S

Place: Bengaluru
Date : November 03, 2017

Sudheer .N
Partner
M.No. 226297

ANNEXURE-A REFERRED TO IN THE INDEPENDENTAUDITOR'S REPORT

i. In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and location of its assets.

b) These fixed assets have been physically verified by the management once in three years as per policy of th Company. The last such verification was conducted during the year 2016-17. However, no such report has been submitted to us for our verification.

No material discrepancies were noticed on such verification made during the year

In our opinion the interval of physical verification is reasonable. Reconciliation of Physical verification with the aforesaid book records had been done. As explained to us, discrepancies noticed were not material and the same have been properly dealt within the books of accounts.

c) i. Title deeds of the immovable properties located at the kalamaserry unit of the Company have been held in the name of the Holding Company, M/s HMT Ltd.

ii. The land allocated in 1963 in the name of erstwhile Praga Tools Limited (Presently merged in HMT Machine Tools Limited) is not transferred neither in favour of HMT MTL nor HMT Limited as on 31.03.2017.

ii. In respect of its inventories:

(a) In our opinion and according to the information and explanation given to us, the inventory has been physically verified by the management during the year except in case of Hyderabad Unit and Praga Unit of the Company.

(b) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material, where such physical verification is carried out.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013.

iv) Being Government Company provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.

v) In our opinion and according to the information and explanations give to us, the company has not accepted any deposits within the meaning of directives issued by the Reserve Bank of India and the provisions of Sec 73 to 76 or any other relevant provisions of the Companies Act,2013 and the rules framed there under. No order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

vi). According to the information and explanations given to us and considering the Branch Auditors Reports, we are of the opinion that, the Company has maintained books of accounts in respect of materials, labour and other items of cost pursuant to the rules made by the Central Government of India for the maintenance of cost records under section 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii). According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:

a. According our examination of the records, the company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

No undisputed amounts payable in respect of Income tax, Wealth Tax, Sales tax, Service tax, Customs Duty and cess were in arrears as at 31.03.2017 for a period more than six months from the date they became payable except the following:

Nature of dues	Amount (in lakhs)
Provident fund, VPF and SPF	4614.50
Value Added Tax & CST	119.96
Pension Contribution	328.59
Gratuity Settlement	2764.40
Professional tax	8.42
Property Tax	303.73
Excise Duty	10.53
Service Tax	47.86

(b) There were dues of Value Added Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of dispute and the same are as follows:

Nature of the Authority	Nature of Dues	Amount (in lakhs)	Forum where dispute is pending	unit
Central excise Act, 1944, Cenvat Rules	Cenvat credit	221.16	CESTAT	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	6.42	JT.COMM.CE (APPELS)	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	4.73	JT.COMM.CE (APPELS)	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	91.89	JT.COMM.CE (APPELS)	Bangalore Complex Division
Employees PF	Interest & Damages	1417.02	High Court	Bangalore Complex Division
BBMP	Property Tax& Interest	1640.95	Hon'bleKaranataka High Court	Bangalore Complex Division
BBMP	Property Tax & Interest	1783.98	Hon'bleKaranataka High Court	Bangalore Complex Division
Land Valuation	Stamp duty & registration charges	17.55	Not Furnished	Bangalore Complex Division
	Property Tax	42.90	District Magistrate,Ajmer	Ajmer Division
Central excise Act, 1944	Excise Duty Penalty	11.45 15.18	Commissioner Appeal -CBEC	Ajmer Division
Central excise Act, 1944	Modvat credit	199.40	CESTAT	Hyderabad Unit
The Employees state insurance Act, 1948	ESI dues Employees	61.06	ESIC Court, Hyderabad	Praga Division
CST Payable (2015-16)	CST Payable against Invoice	90.11	High Court of Kerala	Kalamserry Unit

viii) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any banks or financial institutions and debentures holders.It was, however, observed that company defaulted payment of loan installment of Rs.185.83crore along with interest of Rs.93.20 crore to Government of India as on 31.03.2017.

ix) According to the information and explanations given to us, the Company has not availed any term loan during the year from Banks & Financial Institutions but has availed Term loan from Government of India and has applied the same for the purpose for which it was availed.

x) To the best of our knowledge and belief and according to the information and explanations given to us, and during the course of our audit and examination of the records of the company, no fraud on or by the Company was noticed or reported during the year.

xi) The Company being a Government company, provisions of Section 197 of the Companies Act, 2013 are not applicable and hence not commented upon. Accordingly, Paragraphs 3(xi) of the order not applicable.

xii) The company not being a Nidhi Company, clause (xii) of the Order is not commented upon.

xiii) The Company, being Government Company provisions of Section 188 of Companies Act, 2013are not applicable. No Audit committee has been formed by the company as required under the provisions of Section 177 of the Companies Act, 2013.

xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence clause (xiv) of the Order is not commented upon.

xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence clause (xiv) of the Order is not commented upon.

xvi) In view of the nature of business carried on, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s S Ramachandran & Co
Chartered Accountants
Firm No 006775S

Place: Bengaluru
Date : November 03, 2017

Sudheer .N
Partner
M.No. 226297

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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 MACHINE TOOLS LIMITED as of 31 March 2017 in conjuction with Branch Auditors report on financial statements of the company for the year ended on that date and our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting in the case of the consolidated financial statements of the Company, in so far as it relates to other divisions will be based solely on the reports of the auditors of such units as of that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I/we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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 my /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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financialcontrols system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s S Ramachandran & Co
Chartered Accountants
Firm No 006775S

Place: Bengaluru
Date : November 03, 2017

Sudheer .N
Partner
M.No. 226297

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditor during the course of Audit of annual accounts of HMT machine Tools Limited for the year 2016-2017 issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013.

Area Examined

01. 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?

Observations / Findings:

As verified by us and to the best of our information and explanation given to us Title deeds of the immovable properties of the Company have been held in the name of the Holding Company, M/s HMT Ltd, and;

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

Area Examined

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

Observations / Findings:

To the best of our information and ex planation given to us there are no cases of waiver/write off of debts/loans/interest etc. during the year.

Area Examined

03. Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grants from the government or other authorities.

Observations / Findings:

To the best of our information and explanation given to us proper records are maintained for inventories lying with third parties and assets, being immovable properties received as gift/ grants from the government or other authorities have been held in the name of the Holding Company M/s HMT Limited and;

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

For M/s S Ramachandran & Co
Chartered Accountants
Firm No 006775S

Place: Bengaluru
Date : November 03, 2017

Sudheer .N
Partner
M.No. 226297

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

Statutory Auditor's Observations	Company's Reply
1. The Company has not determined by actuarial valuation liability for Provident Fund dues as at 31st March 2017. Consequent effect of the same on the financial statements for the year is not ascertainable. As per Ind AS 19, where in terms of any plan the enterprise's obligation is to provide the agreed benefits to current and former employees and the actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the enterprise, the plan would be a defined benefit plan. Accordingly, provident funds set up by employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with the requirements of Ind AS 19. Hence this is not in compliance with the Ind AS 19 "Employee Benefits".	The Employees provident fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the Company. Any interest shortfall suffered by the Trust on account of delayed remittance of PF dues has been made good by the company and there is no instance of denial of PF benefits to the employees.
2. The Pinjore unit has not written off the material in transit of Rs.76.57 lakhs which is lying in custom house as informed by the management since 1998-99 to 2001-02. However the unit has made the provision against the same of Rs.76.57 lakhs. The unit has not obtained any confirmation from customs department whether material is lying in custom house or not. So there is no certainty that material will come to unit and accordingly this material in transit should be write off and provision related to same also reversed back.	The Company has already considered the financial impact in its books of accounts. The same has been taken up by the management for further action during the F.Y 2017-18.
3. The Pinjore unit has not made the provision during the year on account of demurrages, interest and warehouse rent on the above material in transit without any communication from custom department. Total liability against the above material in transit lying in the books as on 31/03/2017 is of Rs. 109.08 lakhs for demurrages, interest and warehouse rent. The above expenses and provision should also be reversed.	The Company has already considered the financial impact in its books of accounts. The same has been taken up by the management for further action during the F.Y 2017-18.

Statutory Auditor's Observations	Company's Reply
4. No Interest liability is provided for on unpaid gratuity amount to the retired employees except for a provision of Rs 79.53 Lakhs made by Pinjore unit as the estimated liability on interest could not be arrived at. Accordingly the loss and liability for the year has been understated.	The same would be quantified and provided for during the F.Y 2017-18 on competent authority's approval.
5. Interest Liability on the unpaid amount of Provident Fund Contributions to the fund has not been provided and its impact on the Financials of the company could not be ascertained due to non availability of required information.	Interest liability on unpaid/delayed remittance of PF contributions is considered under PF Trust loss by the Company and the same is made good at the time of remittance/payment to the employees.
6. During the financial year a portion of the land used for "Roads" measuring approx. 4.25 acres have been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the court direction land compensation of Rs.18.00 crores has been fixed valuing the land @ 1.65 times the guidance value of land (fixed by Government of Karnataka) at Rs.2.70 Crores per acre. During the year BBMP has paid adhoc land compensation deposit of Rs.12 crores, pending joint measurement and issue of Correct Dimension Report (CDR). Since the land is not transferred to BBMP following legal procedure, the said land measuring 4.25 acres is continued to be shown as fixed assets, even though BBMP has taken over the possession of said land (Road).	As the joint measurement, Correct dimension report and legal procedures are pending as on 31-03-2017 the same has been shown under Fixed Assets. The appropriate financial impact on sale of Land would be considered based on completion of the above.
7. Attention is also invited to clause no-(i) c to annexure A of audit report regarding title deeds not held in the name of the company.	Title deeds of the immovable properties of the company have been held in the name of the Holding company, M/s HMT Ltd, and in case of Praga Tools Division, Hyderabad title deeds of the immovable property still held in the name of Praga Tools Division even though which is subsequently merged with HMT Machine Tools Ltd.

Sd/-
S. Girish Kumar
Chairman & Managing Director

Place: Bengaluru
Date : 03 Nov. 2017

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 MACHINE TOOLS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2017

The preparation of consolidated financial statements of HMT Machine Tools Limited, Bangalore for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 November 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of HMT Machine Tools Limited, Bangalore for the year ended on 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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

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

Place: Hyderabad
Date: 17 November 2017

Significant accounting policies for the year ended March 31, 2017

1. Background:

HMT Machine Tools Limited ('the Company') is a Schedule 'B' CPSE established on 09.08.1999 as a wholly owned subsidiary of HMT Limited - the Holding Company. HMT Machine Tools Ltd is in the business of manufacture and marketing of Machine Tools as well as providing services in reconditioning and refurbishing of machines, catering to both domestic and international markets.

2. Significant Accounting Policies:

i) Basis of preparation:

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

For all periods, up to and including the year ended March 31, 2016, the Company had prepared and presented its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). The financial statements for the year ended March 31, 2017 are the first the Company has prepared and presented in accordance with Ind AS. Refer to note 10 for information on first time adoption of Ind AS from April 1, 2015 by the Company.

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

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

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

b) Property, Plant & Equipment

Property, Plant and Equipment ('PPE') are stated at cost of acquisition or construction, net of vatable taxes, less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

Expenditure in connection with the development of land is capitalised in the year in which the expense is incurred.Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

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

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

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

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

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

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

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

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

a) on disposal; or

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

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

Special Tools:

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

c) Borrowing Cost:

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

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

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

d) Investment Property:

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

The Company depreciated building component of investment property as per the useful life prescribed in Schedule II of the Act.Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

e) Intangible Assets:

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

ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.

iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

iv) *Research and Development Expenditure:*

Research Phase:

Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

Development Phase:

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method.

f) Depreciation and Amortisation:

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

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

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

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

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

The Company classifies non-current assets as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required 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 Ind AS 18, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

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

i) *Sale of goods:*

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

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

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

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

ii) *Rendering of services:*

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

iii) *Rental Income:*

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

iv) *Dividend Income:*

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

v) *Interest Income:*

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

vi) *Warranty:*

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

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

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

k) Foreign Currency Translation:

The functional currency of the Company is the Indian rupee.

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and 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 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 determinin 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 lessorThe 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.

ii) ***Estimates and assumptions***

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

a Deferred Taxes

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

b Defined Benefit Obligations:

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

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

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

c Other Long-Term Employee Benefits

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

d Fair value measurement of financial instruments

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

* * * * *

BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	5,089.00	5,984.54	5,749.74
Capital work in progress	3	128.89	128.89	358.24
Investment Property	4A	53.11	53.54	53.97
Intangible Assets	4	13.25	30.93	48.60
Intangible Assets under development	4	734.47	533.44	0.00
Machinery and Equipment's in transit		0.00	0.00	936.72
Other Assets	9	0.00	0.00	3.92
		6,018.72	**6,731.33**	**7,151.20**
Current assets				
Inventories	5	11,249.52	11,771.60	10,750.54
Financial assets				
Trade Receivables	6	7,711.33	7,460.70	7,194.18
Cash and cash equivalents	7	4,703.00	3,754.13	4,477.07
Others	8	234.07	122.89	85.85
Other Assets	9	4,092.13	3,908.95	4,866.03
		27,990.05	**27,018.26**	**27,373.68**
Non Current Assets Held for Sale	3A	0.54	0.00	0.00
		0.54	**0.00**	**0.00**
TOTAL ASSETS		**34,009.32**	**33,749.60**	**34,524.88**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	27,659.91	27,659.91	27,659.91
Other equity	11	-1,38,153.08	-1,25,358.52	-1,13,813.33
Total equity		**-1,10,493.16**	**-97,698.60**	**-86,153.41**
Non-current liabilities				
Financial liabilities				
Borrowings	12	10,334.80	16,796.52	19,034.64
Preference Shares	13	0.00	0.00	0.00
Provisions				
Provision for Employee Benefits	14	7,231.46	8,514.27	9,305.55
		17,566.26	**25,310.79**	**28,340.20**

BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

	Notes No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Current liabilities				
Financial liabilities				
Borrowings	12	3,284.05	2,902.53	3,058.16
Trade payables	15	5,496.31	5,154.88	4,722.76
Other financial liabilities	16	79,931.35	68,586.00	59,006.00
Government Grant	13A	22.92	0.00	0.00
Other Liabilities	17	31,960.98	23,313.78	19,139.85
Provisions				
Provision for Employee Benefits	14	6,057.73	5,996.16	6,154.68
Others	18	182.88	184.06	256.64
		1,26,936.22	**1,06,137.41**	**92,338.09**
Total liabilities		**1,44,502.48**	**1,31,448.20**	**1,20,678.29**
TOTAL EQUITY AND LIABILITIES		**34,009.32**	**33,749.60**	**34,524.88**

See accompanying notes to the financial statements
Additional Disclosure to Balance Sheet
Accounting Policies form part of the financial statements.

For and on behalf of the Board

S. Girish Kumar
Chairman
DIN 03385073

B. M. Shivashankar
Managing Director
DIN 05344115

Naveenchandra Shetty
General Manager (F & CP)

Om Prakash Singh
Company Secretary

As per our Report of Even date
For M/s S Ramachandra & Co
Chartered Accountants

Ramachandran S
Partner
M. No. 018355

Place : Bangalore
Date : 28th July, 2017

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

(Rs. in lakhs)

	Note No.	Year ended 31-Mar-2017	Year ended 31-Mar-2016
CONTINUING OPERATIONS			
Revenue from operations	19	19,752.38	21,782.71
Other income	20	2,860.33	2,053.99
Total Income		**22,612.70**	**23,836.70**
EXPENSES			
Cost of raw materials consumed	21	7,829.15	8,968.15
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	1,584.37	-969.81
Excise duty on goods sold during the year	22	2,061.81	2,131.59
Excise duty on increase/ (decrease) in inventory	24	-100.55	-81.21
Employee benefits expense	25	13,176.38	14,588.38
Finance costs	27	5,395.14	4,633.06
Depreciation and amortization expense	26	1,009.96	965.08
Other expenses	28	4,512.54	4,379.52
Less: Jobs Done for Internal Use	29	97.04	111.75
VRS compensation	30	-	-
Total Expense		**35,371.74**	**34,503.02**
Profit/(loss)before exceptional items and tax from continuing operations		**(12,759.04)**	**-10,666.32**
Exceptional items		-	-
Profit/(loss)before and tax from continuing operations		**(12,759.04)**	**(10,666.32)**
(1) Current tax		-	-
(2) Deferred tax		-	-
		0.00	0.00
Profit for the year from continuing operations		**(12,759.04)**	**(10,666.32)**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations	-	-	
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**0.00**	**0.00**
Profit/(loss) for the year		**(12,759.04)**	**(10,666.32)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**0.00**	**0.00**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			

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

(Rs. in lakhs)

	Note No.	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Re-measurement gains (losses) on defined benefit plans		-35.52	-890.43
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(35.52)**	**(890.43)**
		(35.52)	**(890.43)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(12,794.56)**	**(11,556.75)**
Earnings per share for continuing operations			
- Basic, profit from continuing operations attributable to equity holders of the parent		-4.61	-3.86
- Diluted, profit from continuing operations attributable to equity holders of the parent		-4.61	-3.86
Earnings per share for discontinued operations			
- Basic, profit from continuing operations attributable to equity holders of the parent			
- Diluted, profit from continuing operations attributable to equity holders of the parent			
Earnings per share from continuing and discontinued operations			
- Basic, profit for the year attributable to equity holders of the parent		-4.61	-3.86
- Diluted, profit for the year attributable to equity holders of the parent		-4.61	-3.86

Please see accompanying notes to the financial statements
Additional Disclosure to statement of Profit and Loss
Accounting Policies form part of the financial statements

For and on behalf of the Board

S. Girish Kumar
Chairman
DIN 03385073

B. M. Shivashankar
Managing Director
DIN 05344115

Naveenchandra Shetty
General Manager (F & CP)

Om Prakash Singh
Company Secretary

As per our Report of Even date
For M/s S Ramachandra & Co
Chartered Accountants

Ramachandran S
Partner
M. No. 018355

Place : Bangalore
Date : 28th July, 2017

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Operating activities		
Profit before tax from continuing operations	-12,759.04	-10,666.32
Profit/(loss) before tax from discontinued operations		
Profit before tax	**-12,759.04**	**-10,666.32**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	991.85	946.97
Amortisation of Intangible Assets	17.67	17.67
Depreciation of investment properties	0.43	0.43
Provision of loss in value of Equity		
Adjustment in Depreciation passed to P/L		
Gain on disposal of property, plant and equipment	-84.93	-27.53
Finance income	-174.49	-183.68
Finance costs	5,395.14	4,633.06
Prior Period Item		11.56
Working capital adjustments:		
Movements in provisions, gratuity	-1,257.94	-1,912.82
Increase in trade and other receivables and prepayments	-545.00	657.45
Decrease in inventories	522.08	-1,021.06
Increase in trade and other payables	8,988.64	4,606.04
	1,094.40	-2,938.20
Income tax paid/reversed		
Net cash flows from operating activities	**1,094.40**	**-2,938.20**
Investing activities		
Proceeds from sale of property, plant and equipment	86.73	1,194.16
Purchase of property, plant and equipment	-299.68	-1,715.76
Interest received	174.49	183.68
Receipt of government grants	22.92	
Net cash flows used in investing activities	**-15.54**	**-337.93**
Financing activities		
Interest Paid	-511.51	-461.18
Proceeds from borrowings	381.52	3,170.00
Repayment of borrowings		-155.63

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in lakhs)

	Note No.	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Redemption of preference Share Capital			
Net cash flows from/(used in) financing activities		**-129.99**	**2,553.19**
Net increase in cash and cash equivalents		948.87	-722.94
Net foreign exchange difference			
Cash and cash equivalents at the beginning of the year		3,754.13	4,477.07
Cash and cash equivalents at year end		**4,703.00**	**3,754.13**

For and on behalf of the Board

S. Girish Kumar
Chairman
DIN 03385073

B. M. Shivashankar
Managing Director
DIN 05344115

Naveenchandra Shetty
General Manager (F & CP)

Om Prakash Singh
Company Secretary

As per our Report of Even date
For M/s S Ramachandra & Co
Chartered Accountants

Ramachandran S
Partner
M. No. 018355

Place : Bangalore
Date : 28th July, 2017

NOTES FORMING PART OF BALANCE SHEET

3. Property, Plant And Equipment

(Rs. in Lakhs)

	Land& Land Development	Buildings	Factory Buildings	General Buildings	Plant & Machinery	Furniture Fittings & Office Appliances	Air conditioning & ventilations	Computer & data process	Electrical installations	Measuring Equipmant	Factory Equipmant	Water supply and sanitations	Capital work In progress	Vehicles	Special Tools	Interior Partitions	Road Wall and Fencing	Total
At 1 April 2015	**78.87**	**1,446.72**	**479.84**	**241.34**	**23,416.11**	**585.20**	**512.49**	**1,457.75**	**873.36**	**723.87**	**2,909.74**	**159.55**	**358.24**	**26.32**	**680.32**	**8.63**	**40.74**	**33,999.08**
Additions	-	-			1,047.12	0.28		2.01	2.55		18.79				111.56			**1,182.32**
Disposal/Deduction/Adjustment	-	-			(28.63)	(1.03)		(0.54)			(3.96)		(229.35)	(1.24)				**(264.75)**
Assets Held for Disposal					(37.19)		(6.55)				(0.50)							**(44.23)**
At 31 March 2016	**78.87**	**1,446.72**	**479.84**	**241.34**	**24,397.41**	**584.45**	**505.94**	**1,459.21**	**875.91**	**723.87**	**2,924.07**	**159.55**	**128.89**	**25.08**	**791.88**	**8.63**	**40.74**	**34,872.41**
Additions	-		-		0.69	0.01		1			0.01				96.96			**98.66**
Assets Held for Disposal					(27.60)		(9.12)				(5.09)							**(41.80)**
Disposal/Adjustment	-				(918.91)	-	(6.55)				(0.50)							**(925.95)**
At 31 March 2017	**78.87**	**1,446.72**	**479.84**	**241.34**	**23,451.60**	**584.46**	**490.28**	**1,460.21**	**875.91**	**723.87**	**2,918.48**	**159.55**	**128.89**	**25.08**	**888.84**	**8.63**	**40.74**	**34,003.31**
Depreciation and impairment																		
At 1 April 2015	**-**	**1,305.81**	**413.92**	**189.01**	**19,325.99**	**549.71**	**452.22**	**1,430.17**	**815.55**	**501.51**	**2,304.23**	**159.55**	**-**	**25.50**	**368.56**	**8.63**	**40.74**	**27,891.10**
Depreciation charge for the year	-	9.58	4.19	7.80	542.82	7.10	9.98	14.17	13.24	52.68	139.39			0.78	145.24			**946.97**
Assets Held for Disposal					(37.19)		(6.55)				(0.50)							**(44.23)**
Disposal/Adjustment	-	-			(28.08)	(1.03)		(0.54)			(3.96)			(1.24)				**(34.85)**
At 31 March 2016	**-**	**1,315.39**	418.11	**196.81**	**19,803.55**	**555.78**	**455.65**	**1,443.80**	**828.79**	**554.19**	**2,439.16**	**159.55**	**-**	**25.04**	**513.80**	**8.63**	**40.74**	**28,758.99**
Depreciation charge for the year	-	8.20	5.14	7.80	**602.19**	6.70	9.98	8.97	13.32	52.21	137.86	-		0.02	139.39			**991.77**
Adjustments during the year					**-**	-					-							**-**
Deduction/Adjustment	-		-		(917.11)		(6.55)				(0.50)							**(924.16)**
Assets Held for Disposal	-		-		(26.98)		(9.12)				(5.09)							**(41.18)**
At 31 March 2017	**-**	**1,323.58**	**423.25**	**204.61**	**19,461.66**	**562.48**	**449.97**	**1,452.77**	**842.11**	**606.40**	**2,571.43**	**159.55**	**-**	**25.06**	**653.19**	**8.63**	**40.74**	**28,785.42**
Net book value																		
At 31 March 2017	**78.87**	**123.13**	**56.60**	**36.73**	**3,989.94**	**21.98**	**40.31**	**7.43**	**33.80**	**117.47**	**347.05**	**0.00**	**128.89**	**0.02**	**235.65**	**0.00**	**0.00**	**5,217.89**
At 31 March 2016	**78.87**	**131.33**	**61.73**	**44.53**	**4,593.86**	**28.67**	**50.29**	**15.42**	**47.13**	**169.68**	**484.91**	**0.00**	**128.89**	**0.04**	**278.09**	**0.00**	**0.00**	**6,113.43**
At 1 April 2015	**78.87**	**140.91**	**65.93**	**52.33**	**4,090.11**	**35.49**	**60.26**	**27.58**	**57.81**	**222.36**	**605.50**	**0.00**	**358.24**	**0.83**	**311.76**	**0.00**	**0.00**	**6,107.98**

Net book value	**31 Mar.17 INR Lakhs**	**31 Mar.16 INR Lakhs**	**1 Apr. 15 INR Lakhs**
Plant Property and Equipment	5,089.00	5,984.54	5,749.74
Capital work in progress	128.89	128.89	358.24

1 Fixed Assets have been transferred from the Holding Company to the Subsidiary at Gross value of Rs. 202.10 Cr. Reserve for depreciation of Rs. 151.46 Cr. and net value of Rs. 50.64 Cr., as on 01.04.2000 in line with para 10 (j) and Annexure 12 of the Scheme of Arrangement approved by the Department of Company Affairs.

2 Fixed Assets include immovable properties, vested under the Scheme of Arrangement approved by the Govt. of India. However, the mutation of title deeds is yet to be done in the revenue records to that effect. Fresh Lease Deed in respect of Lease Hold Lands are pending to be executed.

3 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated/amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Statement of Profit and Loss amounting to Rs. 321.73 lakhs during FY. 2014-15.

4 In respect of Praga Tools Division, Hyderabad Plant & Machinery includes 7 items of Fixed Assets identified as surplus and for disposal, the net block of which is Rs. 16,34,329/-.

5 **LAND**

5.1 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.

5.2 The Company has leased out land admeasuring 2.71 acres to the Kerala Electricity Board and Postal Authorities in Kalamassery. Further, the Company 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.

5.3 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.

5.4 Praga Tools Division is in possession of 195 acres and 33 guntas land handed over by the Govt. of Andhra Pradesh. The company 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 the Company has sought directions for demarking 195.33 acres of land for handing over the same to the company. As per the survey coducted during the year 2004-05 by the Offcials of Survey and Settlment Department, Ranga Reddy Dist. in view of Supremeent Court directives , it has come to the notice that approx. 39 acres of land is not in the actual possession of the Company, but the company 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. The Company 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.

5.5 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 1st September, 2012 to 31st August, 2015 for a temporary casting-cum-stacking yard. Further lease period has been extended upto 31st August, 2017.

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	Intangible Assets	Intangible Asset under development	Total
	INR	INR	INR
4. Intangible Assets			
Cost			
At 1 April 2015	88.36		88.36
Additions		533.44	533.44
At 31 March 2016	88.36	533.44	621.80
Additions		201.03	
At 31 March 2017	88.36	734.47	822.83
Amortisation and impairment			
At 1 April 2015	39.76		39.76
Amortisation	17.67		17.67
At 31 March 2016	57.44		57.44
Amortisation	17.67		17.67
At 31 March 2017	75.11		75.11
Net book value			
At 31 March 2017	13.25	734.47	747.72
At 31 March 2016	30.93	533.44	564.36
At 1 April 2015	48.60	-	48.60

Net book value	**31-03-2017**	**31-03-2016**	**01-04-2015**
	INR	INR	INR
Intangible assets under development	734.47	533.44	-
Intangible Assets	13.25	30.93	48.60

4A. INVESTMENT PROPERTY	**Total**
Opening balance at 1 April 2015	**56.02**
Additions	0.00
Closing balance at 31 March 2016	**56.02**
Additions	-
Closing balance at 31 March 2017	**56.02**
Depreciation and impairment	
Opening balance at 1 April 2015	**2.05**
Depreciation	0.43
Closing balance at 31 March 2016	**2.48**
Depreciation	0.43
Closing balance at 31 March 2017	**2.91**
Net Block	
at 01 April 2015	53.97
at 31 March 2016	53.54
at 31 March 2017	53.11

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
5. Inventories			
Raw Materials and Components	1,490.14	1,270.69	1,307.29
Material and Components in Transit	1,034.56	445.97	352.76
Work-in-Progress	4,626.11	6,889.93	6,649.86
Finished Goods #	3,956.82	2,878.97	2,124.10
Goods-in-Transit	756.06	1,036.55	860.40
Stores and Spares	771.82	727.50	751.23
Tools and Instruments	65.61	75.33	83.69
Scrap	15.95	33.31	35.19
	12,717.07	**13,358.25**	**12,164.53**
Less: Provision for Non-moving Inventories	1,467.55	1,586.66	1,413.99
	11,249.52	**11,771.60**	**10,750.54**
# Includes Excise Duty paid/ payable			
6. Trade Receivables			
considered good	7,711.33	7,460.70	7,194.18
Doubtful	5,295.15	5,390.49	4,880.70
	13,006.49	**12,851.19**	**12,074.88**
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered doubtful	5,295.15	5,390.49	4,880.70
	7,711.33	**7,460.70**	**7,194.18**
Trade Receivables exceeding 6 months from the date they are due for payment	3,821.21	1,192.39	1,624.46
Trade Receivables less than 6 months from the date they are due for payment	3,890.13	6,268.31	5,569.74

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

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
7. Cash and Cash equivalents			
Balances with banks:			
- On current accounts	2,319.41	2,010.99	500.63
- On Deposits accounts between 3-12 months	2,381.45	1,739.23	1,337.07
Cash and Cheques on hand	2.13	3.91	2,639.38
	4,703.00	**3,754.13**	**4,477.07**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
8. Other Financial Assets			
Interest Accrued and Due	61.01	33.48	18.51
With Scheduled Banks in Deposit Account - Margin Money	173.06	89.41	67.35
Total	**234.07**	**122.89**	**85.85**
9. Other Assets			
Non-Current			
Capital Advances	2.30	2.30	6.22
Less: Provision for Doubtful Advances	-2.30	-2.30	-2.30
	-	**-**	**3.92**
Current			
Advances to employees			
Advance to Employees-House Building	-	-	-
Vehicle Advance	0.54	0.54	0.54
Less: Provision for Doubtful Loans and Advances	-0.54	-0.54	0.54
Advances to subsidiary companies	-	-	-
HMT Ltd	578.73	511.66	563.20
HMT Watches Ltd	23.60	27.25	1,036.56
HMT International Ltd.	163.39	17.06	67.47
HMT Chinar Watches Ltd	-	0.74	0.74
HMT Bearings Ltd	39.60	39.76	39.83
	805.32	**596.47**	**1,707.80**
Advances other than Capital Advances			
Advances recoverable in cash or in kind	180.30	198.22	162.61
Advance to Suppliers/Employees Including Advance No. III	17.75	-	0.16
Considered Good	2,494.39	2,530.43	2,421.97
Considered Doubtful	569.64	565.27	561.51
	3,262.08	**3,293.92**	**3,146.25**
Less:Provision for Doubtful Advances	569.64	565.27	561.51
	2,692.44	**2,728.65**	**2,584.74**
Prepaid Expenses	16.48	14.89	12.36
Withholding of taxes and other tax receivables*	221.55	236.99	188.62
Security Deposits	356.34	331.94	372.52
	4,092.13	**3,908.95**	**4,866.03**
Total Other Assets	**4,092.13**	**3,908.95**	**4,869.95**

*Withholding taxes primarily consists of input taxes

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

Statement of changes in equity as on 31st March 2017

10. Share capital

Authorised share capital

	Equity Shares	
	Number	**Amount**
At 1 April 2015	35,50,00,000	35,500.00
Increase/(decrease) during the year	0	0.00
At 31 March 2016	**35,50,00,000**	**35,500.00**
Increase/(decrease) during the year	0	0.00
At 31 March 2017	**35,50,00,000**	**35,500.00**

Issued Capital

	Equity shares of INR 10 each issued and fully paid	
	Number	**Amount**
At 1 April 2015	**27,65,99,137**	**27,659.91**
Increase/(decrease) during the year	**0**	0.00
At 31 March 2016	**27,65,99,137**	**27,659.91**
Increase/(decrease) during the year	0	0.00
At 31 March 2017	**27,65,99,137**	**27,659.91**

"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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.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"

Details of shareholders holding more than 5% shares in the company

	As at 31 March 2017		**As at 31 March 2016**	
Name of the Share Holder	**No of Shares**	**% holding**	**No of Shares**	**% holding**
Equity shares of INR *10 each fully paid*				
HMT Limited	27,65,99,137.00	100%	27,65,99,137.00	100%

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

11. STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

Equity shares of INR 10 each issued, subscribed and fully paid

	No.	INR Lacs
At 1 April 2015	27,65,99,137	27,660
Changes in equity share capital during the year		
At 31 March 2016	27,65,99,137	27,660
Changes in equity share capital during the year		
At 31 March 2017	27,65,99,137	27,660

B. Other Equity

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive Income		
	Capital Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2015	₹ 2,271	₹ (1,13,478)	₹ 0	₹ 0	₹ (1,11,207)
Change in Accounting Policy or Prior Period Error		₹ 697.89		₹ (3,304.04)	₹ (2,606.15)
Restated Balance as of 1st April 2015	**₹ 2,271**	**₹ (1,12,780)**	**₹ 0**	**₹ (3,304)**	**₹ (1,13,813)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				₹ (890)	₹ (890)
Profit for the period		₹ (10,666)			₹ (10,666)
At 31 March 2016	**₹ 2,271**	**₹ (1,23,446)**	**₹ 0**	**₹ (4,194)**	**₹ (1,25,370)**

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive Income		
	Capital Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2016	₹ 2,271	₹ (1,23,446)	₹ 0	₹ (4,194)	₹ (1,25,370)
Change in Accounting Policy or Prior Period Error		₹ 11.56			₹ 11.56
Restated Balance as of 1st April 2016	**₹ 2,271**	**₹ (1,23,435)**	**₹ 0**	**₹ (4,194)**	**₹ (1,25,359)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				₹ (36)	₹ (36)
Profit for the period		₹ (12,759)			₹ (12,759)
At 31 March 2017	**₹ 2,271**	**₹ (1,36,194)**	**₹ 0**	**₹ (4,230)**	**₹ (1,38,153)**

For and on behalf of the Board

S. Girish Kumar
Chairman
DIN 03385073

B. M. Shivashankar
Managing Director
DIN 05344115

Naveenchandra Shetty
General Manager (F & CP)

Om Prakash Singh
Company Secretary

As per our Report of Even date
For M/s S Ramachandra & Co
Chartered Accountants

Ramachandran S
Partner
M. No. 018355

Place : Bangalore
Date : 28th July, 2017

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
12. Borrowings			
Non-current			
Unsecured			
Loans from Government of India			
Term Loan carrying rate of interest @ 13.50% (Statutory Dues) for a period of 5 years	4,259.20	8,000.12	12,353.09
Term Loan carrying rate of interest @ 13.50% (Working capital) for a period of 5 years	3,000.00	4,500.00	4,368.80
Term Loan carrying rate of interest @ 7% (Bridge Loan - 1997 pay Scales) for a period of 5 years	3,075.60	4,296.40	2,312.76
Total non-current borrowings	**10,334.80**	**16,796.52**	**19,034.64**
Current			
Secured			
Cash Credit	3,129.27	2,756.51	1,909.48
Loan from holding company	154.78	146.02	1,148.68
Net current borrowings	**3,284.05**	**2,902.53**	**3,058.16**
Aggregate Secured loans	3,129.27	2,756.51	1,909.48
Aggregate Unsecured loans	10,489.58	16,942.54	20,183.32

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

13 A. Govt. Grants			
At 1 April			
Received during the year	22.92		
Released to the statement of profit and loss			
At 31 March	**22.92**	**-**	**-**
Current	22.92		
Non-current			
14. Provision for employee benefits			
Non Current			
Gratuity	5,114.96	6,126.08	6,791.63
Earned Leave Encashment	1,755.77	1,974.85	2,111.18
Settlement Allowance	360.74	413.34	402.74
	7,231.46	**8,514.27**	**9,305.55**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Current			
Gratuity	2,093.62	2,065.25	2,170.03
Earned Leave Encashment	867.53	786.76	731.89
Settlement Allowance	75.01	58.60	121.83
Wage and Salary Revision (1992)	3,021.57	3,085.55	3,130.93
	6,057.73	**5,996.16**	**6,154.68**
Total	**13,289.19**	**14,510.43**	**15,460.24**
15. Trade payables			
Acceptances	102.85	409.69	408.78
Dues towards Goods purchased	5,262.79	4,598.36	4,184.88
Dues to Micro, Small & Medium Enterprises	130.68	146.83	129.10
Total	**5,496.31**	**5,154.88**	**4,722.76**
16. Other Financial Liabilities			
Current maturities of long-term Debts	5,934.92	5,934.92	5,300.92
4,43,00,000 3.5% Redeemable Preference Shares of Rs. 100/- each	44,300.00	44,300.00	44,300.00
Loan from Govt. of India (Defaulted)	-	-	-
Term Loan for a period of 5 Yrs. (Statutory Dues 2006-07) carrying rate of interest @ 15.50%	4,101.93	2,529.89	1,366.05
Term Loan for a period of 5 Yrs. (Capex 2006-07) carrying rate of interest @ 15.50%	395.00	395.00	395.00
Term Loan for a period of 5 Yrs. (VRS 2007-08 & 2008-09) carrying rate of interest @ 3.50%	4,001.19	4,001.19	4,001.19
Term Loan for a period of 5 Yrs. (Statutory Dues 2012-13, 13-14,14-15) carrying rate of interest @13.50%	5,277.36	3,108.48	1,532.90
Term Loan for a period of 5 Yrs. (Working Capital) carrying rate of interest @13.50%)	2,661.41	1,500.00	-
Term Loan for a period of 5 Yrs. (Bridge Loan-1997 pay scales) carrying rate of interest @7.00%)	2,146.19	586.80	52.10
Loan from holding company	-	-	-
Interest accrued and due on borrowings	-	-	-
Loans from Government of India	9,319.71	4,619.14	754.66

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Loans from Bank - Dena Bank	-	-	-
Interest accrued but not due on borrowings	-	-	-
Government of India Loan	1,793.64	1,610.58	1,303.18
Total	**79,931.35**	**68,586.00**	**59,006.00**
17. Other Liabilities			
Non Current			
Security deposit - OBS			
	-	**-**	**-**
Current			
Dues to Holding Company and its subsidiaries	-	-	-
HMT Ltd	1,201.41	1,059.82	964.67
HMT Watches Ltd	103.29	0.31	6.71
HMT Chinar Watches Ltd	182.27	2.51	2.51
HMT (International) Ltd	907.13	479.79	133.49
HMT Bearings Ltd	333.70	33.95	33.95
EMD Deposit Received	10.79	10.79	10.79
Revenue received in advance	4,583.70	3,072.27	2,948.99
Sundry creditors- Dues	2,234.93	1,583.93	1,305.69
Other liabilities	22,403.76	17,070.41	13,733.05
Total	**31,960.98**	**23,313.78**	**19,139.85**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

18. Provisions - others	Warranty Claims	Provision for pay/wage revision	Total
At 1 April 2016	**74.11**	**109.95**	**184.06**
Arising during the year	53.79		
Utilised	-46.15		
Unused amounts reversed	-8.82		
At 31 March 2017	**72.93**	**109.95**	**182.88**
Current	72.93	109.95	182.88
At 1 April 2015	**79.80**	**176.84**	**256.64**
Arising during the year	34.50	109.95	
Utilised	-33.85	-	
Unused amounts reversed	-6.34	-176.84	
At 31 March 2016	**74.11**	**109.95**	**184.06**
Current	74.11	109.95	184.06
Non-current			
At 1 April 2014	**72.88**	**176.84**	**249.73**
Arising during the year	47.42		
Utilised	-32.82		
Unused amounts reversed	-7.68		
At 31 March 2015	**79.80**	**176.84**	**256.64**
Current	79.80	176.84	256.64
Non-current	-	-	-

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
19. Revenue from operations		
Sale of Products		
Sale of Machine Tools	18,113.18	19,187.55
Sales of Accessories	294.43	555.44
Less: Sales returns	-1.60	-5.04
	18,406.02	**19,737.95**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	1,023.63	1,809.88
Packing / Forwarding charges	114.18	95.14
Sale of services	208.55	139.75
	1,346.36	**2,044.76**
Revenue from Operations	**19,752.38**	**21,782.71**
20. Other income		
A. Other Income		
Recoveries from Staff/Others	139.95	145.37
Royalties from Subsidiaries	-	1.06
Interest Income	4.70	8.57
Rent Received	471.82	391.54
Conveyance Recovered	0.07	0.07
Water Charges Recovered	0.34	0.35
Electricity Charges Recovered	8.15	8.03
Miscellaneous Income	1,181.66	674.50
Gains on Sale of Property, Plant and Equipment	84.93	27.53
Provisions Withdrawn	730.43	400.14
Transfer to plant	-	110.40
Sale of scrap	33.52	28.18
Training expenses recovered	25.90	38.20
Creditors Written off	4.36	36.38
Total Other Income	**2,685.84**	**1,870.31**
B. Interest Income		
Interest income on Bank Deposits	160.05	171.88
Interest from Dealers/Others	14.44	11.80
	174.49	**183.68**
Total Other Income	**2,860.33**	**2,053.99**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
21 Cost of Raw Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	1,270.69	1,307.29
Add: Purchases	4,368.82	4,936.33
	5,639.50	**6,243.62**
Add/Less: Inter Factory Transfer	61.13	2.22
Less: inventory at the end of the year	1,490.14	1,270.69
Cost of raw material and components consumed	**4,088.23**	**4,970.71**
Consumption of Stores, Spares, Tools & Packing Materials	3,740.91	3,997.44
Total raw materials and components consumed	**7,829.15**	**8,968.15**
23. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	2,539.55	1,865.89
Less: inventory at the end of the year	3,516.85	2,539.55
Changes in Inventory	-977.30	-673.66
Work in Progress		
Inventory at the beginning of the year	6,889.93	6,649.86
Less: inventory at the end of the year	4,626.11	6,889.93
Changes in Inventory	2,263.81	-240.06
Stock in Trade		
Inventory at the beginning of the year	-	-
Less: inventory at the end of the year	-	-
Changes in Inventory	-	-
Goods In Transit		
Inventory at the beginning of the year	1,036.55	978.59
Less: inventory at the end of the year	756.06	1,036.55
Changes in Inventory	280.49	-57.96
Scrap		
Inventory at the beginning of the year	33.31	35.19
Less: inventory at the end of the year	15.95	33.31
Changes in Inventory	17.36	1.88
Total	**1,584.37**	**-969.81**
22. Excise Duty on Sale of Finished Goods		
Excise duty on sale of goods	2,061.81	2,131.59
	2,061.81	**2,131.59**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
24. Changes in Excise Duty on Finished Goods		
Excise Duty on Opening Inventory	339.42	258.21
Excise Duty on Closing Inventory	439.97	339.42
	-100.55	**-81.21**
25. Employee benefits expense		
Salaries,Wages and Bonus	9,428.81	9,934.20
House Rent Allowance	363.28	508.37
Gratuity	599.26	809.17
Contribution to PF & FPS	816.13	998.63
Deposit Linked Insurance	96.27	67.33
Contribution to ESI	12.03	6.20
Welfare Expenses	1,860.60	2,264.48
	13,176.38	**14,588.38**
26. Depreciation and amortization		
Depreciation of Property, Plant and Equipment	991.85	946.97
Amortization of Intangible assets	17.67	17.67
Depreciation on Investment Properties	0.43	0.43
	1,009.96	**965.08**
27. Finance costs		
Government of India Loans	4,883.63	4,171.88
Cash Credit loans from Banks	486.84	417.89
Loans from Bank	-	-
Inter Corporate Loan	8.76	27.19
Interest on Bonds	15.91	16.09
Others	-	-
Other Borrowing Cost		
Finance Charges	-	-
Discounting Charges	-	-
Total finance costs	**5,395.14**	**4,633.06**
28. Other expenses		
Manufacturing Expenses		
Power and Fuel	945.12	998.14
Excise Duty	454.64	181.93
Guest House Expenses	0.42	0.60
Provision for Non Moving Inventories	116.33	259.90
Selling & Distribution Expenses	-	-
Rebate on Sales	-	-
Advertisement and Publicity	25.48	14.25
Carriage outwards	-0.65	19.25

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	As at 31-Mar-2017	As at 31-Mar-2016
Establishment Expenses	-	-
Rent	37.92	39.79
Rates and Taxes	146.41	158.47
Insurance	20.58	20.37
Service Charges Paid	72.20	48.63
Training Expenses - Skill Development	31.47	8.37
Water and Electricity	194.46	190.71
Repairs to building	44.55	59.13
Repairs to machinery	54.12	58.12
Printing and Stationery	25.16	24.98
Conference , Seminars and Training	4.72	4.71
Arrears of Contract Labour	-	-
Auditors Remuneration #	4.99	5.16
Provision of loss in value of Equity	-	-
Provision for Doubtful Debts,Loans and Advances	289.22	548.56
Provision for Contingencies	-	-
Warranty claims	55.19	42.66
Loss on sale of property, Plant and Equipment	-	-
Loss sustained by PF Trust	-	-
Bad Debts / Advances written off	-	-
Charges paid	-	-
Travelling Expenses	167.61	178.27
Amortisation of Special Tools	-	-
Exchange Difference	-6.02	58.90
Interest On Others	108.54	63.81
Bank Charges	173.15	194.33
Interest on delayed remittance	317.97	195.82
Remb of Exp - Holding Company	74.91	115.45
Other Expenses	1,154.04	889.21
	4,512.54	**4,379.52**
As auditor	3.04	3.03
For taxation matters	0.85	0.82
Cost audit fee and expenses	1.10	1.27
Service tax	-	0.04
	4.99	**5.16**
29. Jobs Done for Internal Use		
Shop manufactured Special Tools	97.04	111.75
	97.04	**111.75**

INFORMATION REGARDING INCOME AND EXPENDITURE OF INVESTMENT PROPERTY

	31-Mar-17	31-Mar-16
	INR Lakhs	INR Lakhs
Rental income derived from investment properties	654.92	690.87
Direct operating expenses (including repairs and maintenance) generating rental income		
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
Profit arising from investment properties before depreciation and indirect expenses	**654.92**	**690.87**
Less – Depreciation	0.43	0.43
Profit arising from investment properties before indirect expenses	**654.49**	**690.44**

3A Non Current Assets Held for Sale

(Rs. in lakhs)

NOTES FORMING PART OF BALANCE SHEET	TOTAL		
	31-Mar-17	31-Mar-16	01-Apr-15
Non Current Assets Held for Sale			
FACTORY EQUIPMENT	0.00	0.00	-
PLANT AND MACHINERY	0.54	0.00	-
AIRCONDITIONING VENTILATION LIFT	0.00	0.00	-
	0.54	**0.00**	**-**

NOTES FORMING PART OF BALANCE SHEET

Contingent Liabilities

(Rs. in lakhs)

1) Claims against the company not acknowledged as debt;

Class of Cases	Nature of Cases * **	Amount
Central Excise Department	Demands Notice towards reversal of provisions for slow/non-moving Inventory provided for	324.22
PF / EPS / ESI Cases	Demands raised by PF / EPS /ESI Authorities	1,919.00
Stamp Duty/ Registration Charges	Order towards Stamp duty and Registration Charges on differential value of land - Appeal Filed	17.55
A.P. Central Power Distribution Corporation Limited & Water Board	Amount claimed towards development charges, appeal pending with Andhra Pradesh Electricity Regulatory Commission.	390.02
Hyderabad Metropolitan Water Supply and Sewerage Board	Sewerage Charges	382.50
Risk purchase claim by GAIL	Claims towards risk purchase clause by GAIL of the year 1996-97	8.09
Motor Accident Case	Cases of accident by our vehicle causing injuries to 3rd parties in which HMT is a third party in all these cases because insurance Co. is defending the cases.	19.75
Suppliers Claim	Disputed claims relating to supply of Material, its payment	135.38
Employees Co-op. Society	Interest on loan recoveries	35.96
Customer Claim	Customer / Court cases	1,447.11
Non-provision towards penal interest on unpaid contributions under employees family pension scheme in respect of Praga Tools division, Hyderabad as per directives of BIFR.	PF Authorities	1,251.07
	Total	5,930.65

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	31-Mar-2017 INR Lakhs	31-Mar-2016 INR Lakhs
31. Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	₹ (12,759.04)	₹ (10,666.32)
Discontinued operation		
Profit attributable to equity holders for basic earnings	**₹ (12,759.04)**	**₹ (10,666.32)**
Interest on convertible preference shares		
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**₹ (12,759.04)**	**₹ (10,666.32)**
Weighted average number of Equity shares for basic EPS*	27,65,99,137	27,65,99,137
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**27,65,99,137**	**27,65,99,137**

* 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 FINANCIAL STATEMENTS

The principal assumptions used in determining gratuity and post-employement benefits obligations for the company's plan is shown below

	31-Mar-17	31-Mar-16	01-Apr-15
	%	%	%
Discount rate:			
Gratuity plan	7.5	8	8
Settlement Allowance	7.5	8	8
Earned Leave Encashment	7.5	8	8
Future salary increases:			
Gratuity plan	7	7	7
Settlement Allowance	7	7	7
Earned Leave Encashment	7	7	7

Summary of Demographic Assumptions	Gratuity Plan			Settlement Allowance			Leave Encashment		
	31 Mar 2017	31 Mar 2016	1 Apr 2015	31 Mar 2017	31 Mar 2016	1 Apr 2015	31 Mar 2017	31 Mar 2016	1 Mar 2015
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	5%	5%	5%	5%	5%	5%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	5%	5%	5%			
Attrition Rate							5%	5%	5%
Normal Retirement Age	58yrs	58yrs	58yrs	58yrs	58yrs	58yrs	58yrs	58yrs	58yrs
Average Future Service	8.05	8.02	8.55	8.64	8.61	8.55			
Leave Encashment Rate during employment							5%	4%	4%
Leave Availment Rate							1%	1%	1%

Defined 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.

1 Gratuity

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

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-9,181.64	-216.15	-663.61	-879.76	1,773.02			-121.95	135.17	13.22		-8,275.16
Fair Value of plan assets	990.31		74.27	74.27	-1,773.02	1.98				1.98	1,773.04	1,066.58
Benefit Liability	**-8,191.33**			**-805.49**	**0.00**					**15.20**	**1,773.04**	**-7,208.58**

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

		Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-10,194.61	-244.91	-703.20	-948.11	2,809.21				-848.14	-848.14		-9,181.64
Fair Value of plan assets	1,232.94		98.64	98.64	-2,809.21	-3.71				-3.71	2,471.62	990.31
Benefit Liability	**-8,961.67**			**-849.47**	**0.00**					**-851.84**	**2,471.65**	**-8,191.33**

B Earned Leave Encashment :

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 Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-2,761.61	-188.60	-199.58	-388.18	533.66			-30.90	23.73	-7.17		-2,623.30
Fair Value of plan assets												
Benefit Liability	**-2,761.61**			**-388.18**	**533.60**					**-7.17**	**0.00**	**-2,623.30**

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

		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-2,843.07	-257.02	-203.06	-460.08	609.69				-68.16	-68.16		-2,761.61
Fair Value of plan assets												
Benefit Liability	**-2,843.07**			**-460.08**	**609.69**					**-68.16**	**0.00**	**-2,761.61**

C Settlement Allowance :

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

		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-16	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-17
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-471.93		-32.96	-32.96	119.87			-8.36	-42.36	-50.72		-435.75
Fair Value of plan assets												
Benefit Liability	**-471.93**			**-32.96**	**119.87**					**-50.72**	**0.00**	**-435.75**

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

		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-15	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-16
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	-524.57		-36.84	-36.84	128.07				-38.59	-38.59		-471.93
Fair Value of plan assets												
Benefit Liability	**-524.57**			**-36.84**	**128.07**					**-38.59**	**0.00**	**-471.93**

Segment reporting

(Rs. in lakhs)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Revenue from external customers	**INR Lakhs**	**INR Lakhs**
India	3,376.31	2,404.54
Outside India		
Total revenue per consolidated statement of profit or loss	**3,376.31**	**2,404.54**

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

Revenue from one customer amounted to 3376.31 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2017.

Revenue from one customer amounted to 2404.54 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2016.

Disclosure on Specified Bank Notes

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Closing cash in hand as on November 8,2016	1.42	0.78	2.19
Add: Permitted Receipts	-	13.89	13.89
Less: Permitted Payments	-	12.09	12.09
Less: Amount deposited in Banks	1.28	0.58	1.86
Change in Currency from Banks	0.10	0.10	0.20
Less: Non Permitted Payments	0.01	-	0.01
Closing Cash in hand as on December 30, 2016.	-	2.71	2.71

NOTES FORMING PART OF PROFIT & LOSS ACCOUNT YEAR ENDED 31ST MARCH 2017

(Rs. in lakhs)

			Year ended 31-3-2017			Year ended 31-3-2016			Year ended 31-3-2015
1 CONSUMPTION OF RAW MATERIALS AND COMPONENTS									
			Value			**Value**			**Value**
Steel	MT	789.00	461.61	MT	968.70	568.85	MT	539.80	393.66
Non-ferrous Metals	MT	0.33	0.96	MT	2.00	3.25	MT	2.00	4.74
Ferrous Castings	MT	760.59	494.73	MT	941.10	608.62	MT	767.53	572.25
Non-ferrous Castings	MT	58.63	59.70	MT	37.40	38.59	MT	42.24	41.00
Forgings	MT	49.55	41.84	MT	80.32	61.37	MT	44.32	39.57
Standard Parts			2581.20			2635.17			2681.71
Components			340.42			658.47			727.80
Others			107.77			396.39			313.25
			4088.23			**4970.71**			**4773.98**

2 TURNOVER			**Value**			**Value**			**Value**
Machine Tools	Nos.	275	14649.71	Nos.	375	17893.39	Nos.	346	13716.44
Die-casting and Plastic machinery	Nos.	1	68.48	Nos.	2	111.38	Nos.	6	193.72
Presses	Nos.	2	636.75	Nos.			Nos.	2	381.81
Printing Machines	Nos.	8	211.51	Nos.	15	471.41	Nos.	23	707.22
Cutter & Grinder	Nos.	29	195.00	Nos.	47	528.27	Nos.	37	415.76
Thread Rolling Machines	Nos.	9	143.40	Nos.	9	140.30	Nos.	16	247.96
CNC Lathe	Nos.	63	1348.25	Nos.	2	42.80	Nos.	5	88.98
Sale of Services			208.55			139.75			167.67
Accessories			294.43			550.40			1251.70
Sundry Jobs and Misce. Sales			1882.13			1809.88			1571.98
Packing , forwarding & Other charges			114.17			95.14			115.64
			19752.38			**21782.72**			**18858.88**

NOTES FORMING PART OF BALANCE SHEET

Note No. 32 - Additional Disclosure

(Rs. in lakhs)

Point No.	Particulars			As at 31-3-2017		As at 31-3-2016		As at 01-4-2016
3	INFORMATION REGARDING IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY/ EXHANGE AND CONSUMPTION							
	(a)	CIF VALUE OF IMPORTS:						
		Raw Materials		599.14		587.45		569.00
		Components and Spare Parts		1464.82		1400.09		1391.49
		Capital Goods		-		-		-
	(b)	EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF TRAVELLING EXPNS. (ON PAYMENT BASIS)		4.15		229.35		26.82
	(c)	CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARE PARTS						
		Imported	26%	2008.72	24%	2181.10	23%	2091.63
		Indigenous	74%	5820.43	76%	6787.05	77%	5694.93
			100%	7829.15	100%	8968.15	100%	7786.56
	(d)	EARNINGS IN FOREIGN EXCHANGE EXPORTS		28.44		23.77		239.64
		Routed through HMT(International) Ltd., OTHERS		-		-		-

There were dues of Value Added Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of dispute and the same are as follows:

Name of the Authority	Nature of Dues	Amount in Lakhs	Forum where dispute is Pending	Unit
Central Excise Act, 1944 Cenvat Rules	Cenvat Credit	221.16	CESTAT	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	6.42	JT. COMM. CE (APPELS)	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	4.73	JT. COMM. CE (APPELS)	Bangalore Complex Division
Central Excise	Reversal of Cenvat credit	91.89	JT. COMM. CE (APPELS)	Bangalore Complex Division
BBMP	Property Tax	1640.95	Hon'ble Karnataka High Court	Bangalore Complex Division
Central Excise Act. 1944	Modvat credit	199.40	CESTAT	Hyderabad Unit
Central Excise Act. 1944	Modvat credit	39.36	Availment of Excise duty exemption under 10/97	Hyderabad Unit
The Employees state Insurance Act. 1948	ESI dues Employees	61.06	ESIC Court, Hyderabad	Praga Division

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

		As at 31-3-2017	As at 31-3-2016	As at 01-4-2016
6.0	Claims against the Company not acknowledged as debts			
	A. Tax related claims pending in appeal			
	i) Excise Duty	226.03	199.40	199.40
	ii) Sales Tax	90.11	90.11	0.00
	iii) Property Tax	4512.57	4547.84	1850.60
	iv) Disputed Income-Tax		-	-
	B. Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	191.05	167.44	700.48
	C. Others (As shown in Annexure -A)	5930.65	5814.28	4647.99
6.1	"Measne" profit liability, if any, in respect of Mumbai office premises, pending final decision of the Court	39.20	39.20	39.20
6.2	Additional Bonus, if any, in one of the Units for the years 1970-71 and 1972-73 and in some of the Units for 1985-86	-	-	-
6.3	Non receipt of related Forms against levy of concessional Sales Tax	1433.35	1417.68	2633.48
6.4	Estimated amount of contracts remaining to be executed on capital account and not provided for	912.58	1170.23	595.12
7.0	Include Excise Duty paid/payable on Closing Stock of Finished Goods as per the Guidance Note on Accounting Treatment for Excise Duty issued by the Institute of Chartered Accountants of India with effect from 1.4.1999. However, this has no effect on the working results of the Company.	432.41	303.28	178.76
7.1	Include usable slow/non moving and surplus stores and materials / Work in Progress and Stock in Trade.	1233.04	470.92	588.63
8	**Trade Receivables include:**			
8.1	Dues towards erection and commissioning for a period exceeding one year.	389.71	577.08	419.27
9	**Advance include:**			
9.1	Amounts recoverable from employees advances, bonus, etc., pending adjudication /negotiations	2.84	2.84	3.26
9.2	Amount paid by way of Adhoc to employees towards wage/ salary / DA revision arrears, if any, pending adjustment for which necessary provision has been made in the accounts.	1660.09	1695.48	1772.37
10	**Current Liabilities:**			
10.1	Dues to Micro and Small Enterprises based on the information available with the Company.			
	a) (i) Principal	131.36	146.83	129.10
	(ii) Interest	22.99	20.42	14.67

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lakhs)

		As at 31-3-2017	As at 31-3-2016	As at 01-4-2016
	b) Amount of interest paid	2.61	1.97	4.02
	c) Amount of interest accrued and remaining unpaid at the end of each accounting year	53.77	48.51	40.28
12	Balances under 'Trade Receivables', ' Loans & Advances', and ' Trade payables' are subject to confirmation, although confirmation has been sought in most of the cases.	-	-	-
STATEMENT OF PROFIT & LOSS				
Sales:				
13	Sales are 'net' of sales returns - Sales returns for the year	1.60	8.52	18.81
14	Value of Special Tools individually costing less than Rs.750/- written off during the year.	0.09	0.19	0.00
15	Expenditure on Research & Development	165.45	192.84	246.95
16	Praga Tools Division has leased out a land admeasuring 64.62 acres to M/s Hyderabad Metro Rail Limited for a period of 3 years commencing from 1st Sep. 2012 to 31st Aug. 2015 for a temporary casting-cum-stacking yard. Further lease period has been extended upto 31st August 2017 is reckoned under "Other Income"	310.00	323.13	323.13
17	Kalamassery Division has leased out a land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi metro Rail Limited for which the lease period has been extended up to 30.09.2016 and 31.08.2016 respectively for a lease rent of Rs.34.73 lakhs per Ha. Rs. 34.73 lakhs per Ha. The Lease rent for the year 2016-17 (i.e. Apr. 2015 to Sep. 2016) is reckoned under "Other Income"	371.91	371.91	259.04
18	None of the individual item under Misc. Expenditure and Misc. Income exceeds 1% of the Turnover of the Company and hence not separately disclosed.			
19	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.			
20	Ind AS 103 - Business Combinations: Praga Tools Ltd. Merged with HMT Machine Tools Ltd. Persuant to provisions of the Sick Industrial Companies (Special Provision) Act, 1985 and direction as per the Board of Industrial and Financial Reconstruction. Effective of 29th March 2007.			

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Sensitivity analysis:

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

i) Gratuity (Rs. In lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	**Increase**	**Decrease**	**Increase**
Change in discounting rate	8,535.77	8,036.31	9,474.68	8,911.26
Change in rate of salary increase	8,071.34	8,473.87	8,949.68	9,406.05
Change in withdrawal rates	8,259.47	8,289.85	9,155.80	9,205.76

ii) Settlement Allowance (Rs. In lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	**Increase**	**Decrease**	**Increase**
Change in discounting rate	453.84	419.43	491.90	453.79
Change in rate of salary increase	418.51	454.45	452.91	492.45
Change in withdrawal rates	456.02	417.35	494.16	451.63

iii) Earned Leave Encashment (Rs. In lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Decrease	**Increase**	**Decrease**	**Increase**
Change in discounting rate	2,688.57	2,562.57	2,835.45	2,692.85
Change in rate of salary increase	2,625.99	2,788.86	2,742.39	2,923.19
Change in Attrition Rates	2,620.02	2,627.74	2,756.62	2,767.97

The expected contributions for gratuity for the next financial year will be Rs. 3,604.29 lakhs, Settlement allowance will be Rs.217.87 lakhs and Earned Leave Encashment will be Rs 1,311.64 Lakhs

Contribution to Pension

	2016-17	**2015-16**
Particulars	**Amount (In Lakhs)**	**Amount (In Lakhs)**
Total Contribution to FPS	**265.91**	**267.53**

Fair Values

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 Fair Value of Other Financial Assets and Borrowing approximate to carrying value since the interest received/ payable is the same as the effective rate of interest

Preference Share Capital was issued in the year 2007 and was redeemable within 3 years. Hence, the equity component of Preference Share Capital is already amortised fully to the Financial Liability, thereby the Fair value approximates the carrying value

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.

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 .

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

1 Defined benefit obligation

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

2 Property, plant and equipment

Under Indian GAAP the company has recognised Special Tools as Other Current Assets. Under IND AS, the company recoginses it as Property, Plant and Equipment as per the definition.

3 Investment Property

Under Indian GAAP Investments properties were recognised as Fixed Assets as there was no separate standard for Investment Properties. Under IND AS Investment Properties are recognised as defined.

4 Depreciation of property, plant and equipment

Under Indian GAAP the company has recognised depreciation of Special Tools as Amortisation under Other Expenses. Under IND AS the company recognises it as property, Plant and Equipment and depreciation is calculated based on useful disclosed in the Accounting Policy.

5 Preference shares

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

6 Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

7 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind-AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

8 Prior Period Items

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

9 Others

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

10. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions:

i) Previous GAAP carrying value as Deemed cost for all items of Property, Plant and Equipment, Investment Properties and Intangible Assets

The company opts to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date. The company has also used the above option for Investment Properties and Intangible Assets in accordance with IND AS 101.

As on the date of transition there was no decommission liabilities identified.

Balance Sheet

	FOOT NOTE	As at March 2017 INDIAN GAAP	As at March 2017 Adjustments	As at March 2017 IND AS	As at March 2016 INDIAN GAAP	As at March 2016 Adjustments	As at March 2016 IND AS
ASSETS							
Non-current assets							
Property, plant and equipment	2	5,759.99	224.55	5,984.54	5,491.95	257.79	5,749.74
Capital work in progress		128.89	0.00	128.89	361.12	-2.88	358.24
Investment Property	3		53.54	53.54		53.97	53.97
Intangible Assets		30.93	0.00	30.93	48.60	0.00	48.60
Intangible Assets under development		533.44	0.00	533.44		0.00	0.00
Machinery and Equipment's in transit			0.00	0.00	936.72	0.00	936.72
Other Assets			0.00	0.00	1.04	2.88	3.92
		6,453.25	**278.08**	**6,731.33**	**6,839.43**	**311.77**	**7,151.20**
Current assets							
Inventories		11,771.59	0.01	11,771.60	10,750.53	0.01	10,750.54
Financial assets		0.00			0.00		
Trade Receivables		7,460.69	0.01	7,460.70	7,174.46	19.72	7,194.18
Cash and cash equivalents	9	3,843.54	-89.41	3,754.13	4,544.42	-67.35	4,477.07
Others	9		122.89	122.89		85.85	85.85
Other Assets	2	3,714.41	194.54	3,908.95	4,586.49	279.54	4,866.03
		26,790.23	**228.03**	**27,018.26**	**27,055.90**	**317.78**	**27,373.68**
Non Current Assets Held for Sale				0.00			0.00
		0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL ASSETS		**33,243.48**	**506.12**	**33,749.60**	**33,895.33**	**629.55**	**34,524.88**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		71,959.91	-44,300.00	27,659.91	71,959.91	-44,300.00	27,659.91
Other equity -1,23,371.09		-1,987.43	-1,25,358.52	-1,11,207.18	-2,606.15	-1,13,813.33	
Total equity		**-51,411.18**	**-46,287.42**	**-97,698.60**	**-39,247.27**	**-46,906.14**	**-86,153.41**
Non-current liabilities							
Financial liabilities							
Borrowings		16,796.52	0.00	16,796.52	19,034.64	0.00	19,034.64
Preference Shares	5	0.00	0.00		0.00	0.00	
Provisions		0.00	0.00		0.00	0.00	
Provision for Employee Benefits	1	6,820.55	1,693.72	8,514.27	7,091.27	2,214.28	9,305.55
		23,617.07	**1,693.72**	**25,310.79**	**26,125.91**	**2,214.29**	**28,340.20**

Balance Sheet

	FOOT NOTE	As at March 2017			As at March 2016		
		INDIAN GAAP	Adjustments	IND AS	INDIAN GAAP	Adjustments	IND AS
Current liabilities							
Financial liabilities							
Borrowings	9	2,902.53	0.00	2,902.53	3,058.16	0.00	3,058.16
Trade payables	9	5,155.89	-1.01	5,154.88	4,724.90	-2.14	4,722.76
Other financial liabilities	9	68,586.00	68,586.00		59,006.00	59,006.00	
Other Liabilities	9	47,038.84	-23,725.06	23,313.78	33,168.67	-14,028.82	19,139.85
Provisions				0.00			0.00
Provision for Employee Benefits	1	5,866.23	129.93	5,996.16	5,985.16	169.52	6,154.68
Others	9	74.11	109.95	184.06	79.80	176.84	256.64
		61,037.60	**45,099.81**	**1,06,137.41**	**47,016.69**	**45,321.40**	**92,338.09**
Total liabilities		**84,654.67**	**46,793.53**	**1,31,448.20**	**73,142.60**	**47,535.69**	**1,20,678.29**
TOTAL EQUITY AND IABILITIES		**33,243.49**	**506.11**	**33,749.60**	**33,895.33**	**629.55**	**34,524.88**

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

	Foot Notes	Indian GAAP	Adjustments	31 Mar 16
CONTINUING OPERATIONS				
Revenue from operations	6	19,651.12	2,131.59	21,782.71
Other income		2,053.99	(0.00)	2,053.99
Total Income		**21,705.11**	**2,131.59**	**23,836.70**
EXPENSES				
Cost of raw materials consumed		8,968.16	(0.01)	8,968.15
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	9	-1,051.01	81.20	-969.81
Excise duty on goods sold during the year	6	2,131.59		2,131.59
Excise duty on increase/ (decrease) in inventory	9	(81.21)		-81.21
Employee benefits expense	1	16,105.85	(1,517.47)	14,588.38
Finance costs	9	5,172.24	(539.18)	4,633.06
Depreciation and amortization expense	2	819.84	145.24	965.08
Other expenses	9	4,168.83	210.69	4,379.52
Less: Jobs Done for Internal Use	2	-305.97	194.22	-111.75
VRS compensation				-
Total expense		**33,877.94**	**625.08**	**34,503.02**
Profit/(loss)before exceptional items and tax from continuing operations		**-12,172.83**	**1,506.51**	**-10,666.32**
prior Period Item		**8.91**	(8.91)	
Exceptional items		-	-	-
Profit/(loss)before and tax from continuing operations		**(12,163.92)**	**1,497.60**	**(10,666.32)**
(1) Current tax		-	-	-
(2) Deferred tax		-	-	-
		0.00	0.00	0.00
Profit for the year from continuing operations		**(12,163.92)**	**1,497.60**	**(10,666.32)**
DISCONTINUED OPERATIONS				
Profit/(loss) before tax for the year from discontinued operations				
Tax Income/ (expense) of discontinued operations				
Profit/(loss) from discontinued operations		**0.00**	**0.00**	**0.00**
Profit/(loss) for the year		**(12,163.92)**	**1,497.60**	**(10,666.32)**

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

	Foot Notes	Indian GAAP	Adjustments	31 Mar 16
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss				
Other comprehensive income not to be reclassified to profit or				
Re-measurement gains (losses) on defined benefit plans	7		(890.43)	-890.43
Net other comprehensive income not to be reclassified to profit		**0.00**	**(890.43)**	**(890.43)**
		0.00	**(890.43)**	**(890.43)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(12,163.92)**	**607.17**	**(11,556.75)**
Earnings per share for continuing operations				
- Basic, profit from continuing operations attributable to equity holders of the parent		-4.40	-0.22	-4.61
- Diluted, profit from continuing operations attributable to equity holders of the parent		-4.40	-0.22	-4.61
Earnings per share for discontinued operations				
- Basic, profit from continuing operations attributable to equity holders of the parent				
- Diluted, profit from continuing operations attributable to equity holders of the parent				
Earnings per share from continuing and discontinued operations				
- Basic, profit for the year attributable to equity holders of the parent		-4.40	-0.22	-4.61
- Diluted, profit for the year attributable to equity holders of the parent		-4.40	-0.22	-4.61