



ಎಚ್‌ಎಂಟಿ ಲಿಮಿಟೆಡ್

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

एच एम टी लिमिटेड

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



HMT LIMITED

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

Secl. S-6

12th July 2021

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai - 400 001
Scrip Code: 500191

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
Scrip Code: HMT

Dear Sir/ Madam,

Sub: Standalone/ Consolidated Audited Financial Results for the Quarter/ Year ended March 31, 2021

Pursuant to Regulation 33 (3) of SEBI (LODR) Regulation, 2015, please find enclosed herewith Standalone/ Consolidated audited financial results for the Quarter/ Year ended March 31, 2021 approved by the Board of Directors of the Company at their meeting held today.

This is for your kind information and record.

Yours faithfully

For HMT Limited

(Kishor Kumar S)

Asst. Company Secretary

CIN : L29230KA1953GOI000748

पंजीकृत कार्यालय : एच एम टी भवन, 59, बेल्लारी रोड, बेङ्गलुरु - 560 032 भारत Regd. Office : HMT Bhavan, 59, Bellary Road, Bengaluru - 560 032, INDIA

ನಿಗಮಿತ ಕಾರ್ಯಾಲಯ : ಎಚ್‌ಎಂಟಿ ಭವನ, ನಂ.59, ಬೆಲ್ಲಾರಿ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 032, ಭಾರತ

HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

CIN L29230KA1953GOI006748

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

(Rs in lakhs)

| | Particulars | Three months ended | | | Year ended | |
|----|---|--------------------|--------------|--------------|--------------|--------------|
| | | 31-03-2021 | 31-12-2020 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | | Audited* | Unaudited | Audited | Audited* | Audited |
| 1 | CONTINUING OPERATIONS | | | | | |
| 1 | Revenue from Operations | 828 | 758 | 1,102 | 2,348 | 2,613 |
| 2 | Other Income | 1,374 | 1,482 | 900 | 6,510 | 4,331 |
| | Total Income | 2202 | 2240 | 2002 | 8856 | 6944 |
| 3 | Expenses | | | | | |
| | a) Cost of materials consumed | 552 | 475 | 767 | 1,439 | 1,627 |
| | b) Purchase of Stock in Trade | - | - | 77 | - | 111 |
| | c) Changes in Inventories (Increase)/decrease in SIT/WIP | (246) | (19) | (46) | (196) | (13) |
| | d) Employee benefits expense | 255 | 275 | 471 | 1,101 | 1,375 |
| | e) Depreciation and amortisation expense | 56 | 49 | 5 | 202 | 27 |
| | f) Finance Costs | 342 | 461 | (1) | 1,730 | 2 |
| | g) Other expenses | 496 | 356 | 344 | 1,422 | 1,011 |
| | Total expenses | 1,455 | 1,597 | 1,617 | 5,698 | 4,140 |
| 4 | Profit /(Loss) before Exceptional Items | 747 | 643 | 385 | 3158 | 2804 |
| 5 | Exceptional items | - | - | - | - | - |
| 6 | Profit /(Loss) before tax | 747 | 643 | 385 | 3158 | 2804 |
| 7 | Tax Expense | 409 | - | - | 409 | - |
| 8 | Profit /(Loss) for the period from Continuing Operations(6±7) | 338 | 643 | 385 | 2749 | 2804 |
| II | DISCONTINUED OPERATIONS | | | | | |
| 9 | Profit /(Loss) for the period from Discontinued Operations | - | - | 25204 | - | 25083 |
| 10 | Tax Income/(expense) of Discontinued Operations | - | - | 3,069 | - | 3,069 |
| 11 | Profit/(loss) from Discontinued Operations (9±10) | - | - | 22135 | - | 22014 |
| 12 | Profit /(Loss) for the period (8±11) | 338 | 643 | 22520 | 2749 | 24818 |
| 13 | Other Comprehensive Income | | | | | |
| | i) Items that will not be reclassified to profit / (Loss) | 30 | (55) | (452) | (135) | (440) |
| | ii) Income Tax relating to items that will not be reclassified to Profit / (Loss) | - | - | - | - | - |
| | Net Other Comprehensive Income | 30 | (55) | (452) | (135) | (440) |
| 14 | Total Comprehensive Income for the period (12±13) | 368 | 588 | 22068 | 2614 | 24378 |
| 15 | Paid-up Equity Share Capital (Face Value - Rs10/-) | 35560 | 35560 | 35560 | 35560 | 35560 |
| 16 | Other Equity | - | - | - | 3154 | 539 |
| 17 | Earnings per share from Continuing Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | 0.10 | 0.18 | 0.11 | 0.77 | 0.79 |
| | ii) Diluted | 0.10 | 0.18 | 0.11 | 0.77 | 0.79 |
| | Earnings per share from Discontinued Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | 0.00 | 0.00 | 6.22 | 0.00 | 6.19 |
| | ii) Diluted | 0.00 | 0.00 | 6.22 | 0.00 | 6.19 |
| | Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | 0.10 | 0.18 | 6.33 | 0.77 | 6.98 |
| | ii) Diluted | 0.10 | 0.18 | 6.33 | 0.77 | 6.98 |



HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

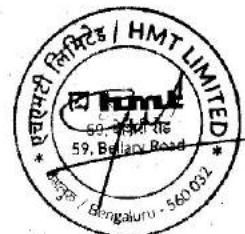
CIN L29230KA1953GOI000748

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

(Rs in lakhs)

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

| Sl. | Particulars | As at | As at |
|----------|---|------------------------|-----------------------|
| | | 31-03-2021 Audited* | 31-03-2020 Audited |
| A | ASSETS | | |
| 1 | Non Current Assets | | |
| | (a) Property, plant & equipment | 1049 | 1168 |
| | (b) Investment property | 202 | 225 |
| | (c) Financial Assets | | |
| | Investments | 71978 | 71978 |
| | Other Financial Assets | 1415 | 404 |
| | Sub total | 74644 | 73775 |
| 2 | Current Assets | | |
| | (a) Inventories | 1022 | 827 |
| | (b) Financial Assets | | |
| | Trade Receivables | 446 | 330 |
| | Cash & Cash Balances | 10654 | 10188 |
| | Loans | 22865 | 20566 |
| | Other Financial Assets | 380 | 183 |
| | (c) Other Assets | 7457 | 9064 |
| | Sub total | 42824 | 41148 |
| 3 | Non Current Assets held for sale | | |
| | TOTAL ASSETS | 117468 | 114923 |
| B | EQUITY & LIABILITIES | | |
| 1 | Equity | | |
| | (a) Equity share capital | 35560 | 35560 |
| | (b) Other equity | 3154 | 539 |
| | Total equity | 38714 | 36099 |
| 2 | Non-current liabilities | | |
| | (a) Financial Liabilities | | |
| | Borrowings | 1792 | 12224 |
| | Non Current Financial Liability | 844 | 2566 |
| | (b) Provisions | | |
| | Employee Benefits | 36 | 255 |
| | Sub total | 2672 | 15045 |
| 3 | Current liabilities | | |
| | (a) Financial Liabilities | | |
| | Borrowings | | |
| | Trade Payables | 579 | 550 |
| | Other Financial Liabilities | 65222 | 53068 |
| | (b) Other current liabilities | 9664 | 9738 |
| | (c) Provisions | | |
| | Employee Benefits | 589 | 389 |
| | Others | 28 | 34 |
| | Sub total | 76082 | 63779 |
| | TOTAL LIABILITIES | 78754 | 78824 |
| | TOTAL EQUITY & LIABILITIES | 117468 | 114923 |



HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

CIN L29230KA1953GOI000748

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

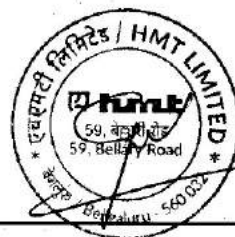
(Rs in lakhs)

STANDALONE CASHFLOW STATEMENT

| | Particulars | Year ended | |
|----------|--|------------------------|-----------------------|
| | | 31-03-2021 Audited* | 31-03-2020 Audited |
| A | Operating activities | | |
| | Profit(loss) before tax from continuing operations | 3,158 | 2,804 |
| | Profit(loss) before tax from discontinued operations | - | 25,083 |
| | Profit before tax | 3,158 | 27,887 |
| | <i>Adjustments to reconcile profit before tax to net cash flows:</i> | | |
| | Depreciation and impairment of Property, Plant and Equipment and Investment Properties | 202 | 213 |
| | Amortisation of Government Grant | (1,722) | (2,545) |
| | Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net) | (8) | (25,808) |
| | Provision withdrawn | (166) | (849) |
| | Interest Income | (2,345) | (2,268) |
| | Dividend received from Subsidiaries | (627) | (14) |
| | Finance Costs | 1,730 | 2,548 |
| | <i>Working capital adjustments:</i> | | |
| | Movements in provisions, Gratuity, others | (145) | (374) |
| | (Increase)/Decrease in trade and other receivables and prepayments | (476) | (13,076) |
| | (Increase)/Decrease in Inventories | (204) | 715 |
| | Increase/(Decrease) in trade and other payables | (44) | (13,305) |
| | | (647) | (26,876) |
| | Income tax (paid)/reversed | (68) | (3,156) |
| | Net cash flows from operating activities | (715) | (30,032) |
| B | Investing activities | | |
| | Proceeds from sale of property, plant and equipment and Non Current Assets Held for Sale | 8 | 25,820 |
| | Purchase of property, plant and equipment | (61) | (2) |
| | Proceeds from Sale of Investments | 166 | - |
| | Dividend received from Subsidiaries | 627 | 14 |
| | Deposits with Banks | (3,214) | (6,305) |
| | Interest received | 448 | 970 |
| | Net cash flows used in investing activities | (2,026) | 20,497 |
| C | Financing activities | | |
| | Interest Paid | (8) | (1,189) |
| | Repayment of borrowings | - | - |
| | Net cash flows from/(used in) financing activities | (8) | (1,189) |
| | Net increase in cash and cash equivalents | (2,749) | (10,724) |
| | Cash and cash equivalents at the beginning of the year | 3,883 | 14,607 |
| | Cash and cash equivalents at year end | 1,134 | 3,883 |

Note:

- The above Results for the quarter and year ended 31st March 2021 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on July 12, 2021.
- The Tractor Business of the Company has been discontinued (as per CCEA approval) from 2016-17 and closed on 31.3.2020 and pursuant to Board resolution dated 29-7-2020 the Tractor business has been merged in one of the units of the Company w.e.f 1.4.2020. Accordingly, previous year figures (upto 31.3.2020) have been included in discontinued operations.
- As the Companies Business Activity falls within a single primary operating segment i.e. Food Processing Machineries, the disclosure requirement of Accounting Standard (Ind As 108) on 'Segment Reporting' is not applicable.
- The Company has considered the possible effects that may result from the Covid-19 pandemic on receivables, inventories, revenues including leases, Property Plant and Equipment, Going concern and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on the analysis of such information and the nature of current business operations carried by the company, it is of the view that the impact is temporary and does not have material impact on financial statements as at 31st March 2021 and hence has not made any provision in the books of account.
- Figures of previous year have been regrouped wherever necessary.
* Subject to C&AG Review



By order of the Board of Directors

(S. Girish Kumar)
Chairman and Managing Director

Place: Bangalore

Date: July 12, 2021

EXTRACT OF THE AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

(Rs in lakhs)

| Particulars | Three months ended | | | Year ended | |
|--|------------------------|-------------------------|----------------|------------------------|-----------------------|
| | 31-03-2021 Audited* | 31-12-2020 Unaudited | 31-03- 2020 | 31-03-2021 Audited* | 31-03-2020 Audited |
| 1 Total income from Continuing Operations | 2202 | 2240 | 2002 | 8856 | 6944 |
| 2 Net profit/ (loss) for the period (before tax, exceptional items) | 747 | 643 | 385 | 3158 | 2804 |
| 3 Net profit/ (loss) for the period before tax (after exceptional items) | 747 | 643 | 385 | 3158 | 2804 |
| 4 Net profit/ (loss) for the period after tax (after exceptional items) | 338 | 643 | 385 | 2749 | 2804 |
| 5 Net Profit/(Loss) from Discontinued Operations | - | - | 22135 | - | 22014 |
| 6 Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax)) | 368 | 688 | 22068 | 2614 | 24378 |
| 7 Paid up Equity Share Capital (face value of Rs.10/- each) | 35560 | 35560 | 35560 | 35560 | 35560 |
| 8 Other Equity | - | - | - | 3154 | 539 |
| 9 Earnings Per Share from continuing operations (face value of Rs.10/- each) | | | | | |
| Basic : | 0.10 | 0.18 | 0.11 | 0.77 | 0.79 |
| Diluted : | 0.10 | 0.18 | 0.11 | 0.77 | 0.79 |
| Earnings Per Share from discontinued operations (face value of Rs.10/- each) | | | | | |
| Basic : | 0.00 | 0.00 | 6.22 | 0.00 | 6.19 |
| Diluted : | 0.00 | 0.00 | 6.22 | 0.00 | 6.19 |

Note:

1. The above is an extract of the detailed format of Quarterly and Yearly Financial Results filed with the Stock Exchanges under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Yearly Financial Results are available on the websites of Stock Exchanges i.e. www.nseindia.com and www.bseindia.com and on the Company's website www.hmtindia.com

2. Figures of previous year have been regrouped wherever necessary.

* Subject to C&AG Review



By order of the Board of Directors

(Signature)
(S. Girish Kumar)
Chairman and Managing Director

Place: Bangalore
Date: July 12, 2021

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

CIN: L29230KA1953GO1000748

(Rs In lakhs)

| | Particulars | Three months ended | | | Year ended | |
|-----------|---|------------------------|-------------------------|-----------------------|------------------------|-----------------------|
| | | 31-03-2021 Audited* | 31-12-2020 Unaudited | 31-03-2020 Audited | 31-03-2021 Audited* | 31-03-2020 Audited |
| I | CONTINUING OPERATIONS | | | | | |
| 1 | Revenue from Operations | 8575 | 5489 | 7156 | 20389 | 26030 |
| 2 | Other Income | 1691 | 1318 | 561 | 5558 | 4762 |
| | Total Income | 10266 | 6807 | 7717 | 25947 | 30792 |
| 3 | Expenses | | | | | |
| | a) Cost of materials consumed | 4843 | 2292 | 4589 | 8812 | 10372 |
| | b) Purchase of Stock in Trade | 302 | 636 | 797 | 1097 | 4883 |
| | c) Changes in Inventories (Increase)/decrease in SIT/WIP | (1140) | 523 | (3910) | 1671 | (2980) |
| | d) Employee benefits expense | 2044 | 2405 | 3135 | 9795 | 11935 |
| | e) Depreciation and amortisation expense | 195 | 268 | 248 | 971 | 954 |
| | f) Finance Costs | 1572 | 2247 | 1458 | 8393 | 6537 |
| | g) Other expenses | 2426 | 1213 | 1709 | 6004 | 5683 |
| | Total expenses | 10242 | 9584 | 8026 | 36743 | 37384 |
| 4 | Profit/(Loss) before Share of Investment in Associate & Joint Venture, Exceptional items & Tax from Continuing Operations | 24 | (2777) | (309) | (10796) | (6592) |
| 5a | Share of Profit/(Loss) of an Associate & Joint venture | 0 | 0 | 0 | 0 | 0 |
| 5b | Exceptional Items | 0 | 0 | 0 | 0 | 0 |
| 6 | Profit/(Loss) before Tax | 24 | (2777) | (309) | (10796) | (6592) |
| 7 | Tax Expense | 432 | 0 | 117 | 432 | 117 |
| 8 | Profit/(Loss) for the period from Continuing Operations | (408) | (2777) | (426) | (11228) | (6709) |
| II | DISCONTINUED OPERATIONS | | | | | |
| 9 | Profit/(Loss) for the period from Discontinued Operations | 233 | 80 | 25302 | 259 | 25129 |
| 10 | Tax income/withdrawal of tax/(Expense) of Discontinued Operations | 0 | 0 | (3145) | (6) | (2831) |
| 11 | Profit/(Loss) from Discontinued Operations | 233 | 80 | 22157 | 253 | 22298 |
| 12 | Profit/(Loss) for the period | (175) | (2697) | 21731 | (10975) | 15589 |
| 13 | Other Comprehensive Income | | | | | |
| | i) Items that will not be reclassified to profit/(Loss) | 210 | (79) | (776) | (26) | (858) |
| | ii) Income Tax relating to items that will not be reclassified to Profit/Loss | (2) | 0 | 0 | (2) | 0 |
| | Net Other Comprehensive Income | 208 | (79) | (776) | (28) | (858) |
| 14 | Total Comprehensive Income for the period (12±13) | 33 | (2776) | 20955 | (11003) | 14731 |
| 15 | Profit/(Loss) for the year attributable to: | | | | | |
| | Equity holders | (175) | (2697) | 21730 | (10975) | 15587 |
| | Non-Controlling Interest | 0 | 0 | 1 | 0 | 2 |
| 16 | Other Comprehensive Income attributable to: | | | | | |
| | Equity holders | 208 | (79) | (776) | (28) | (858) |
| | Non-Controlling Interest | 0 | 0 | 0 | 0 | 0 |
| 17 | Total Other Comprehensive income for the year attributable to: | | | | | |
| | Equity holders | 33 | (2776) | 20954 | (11003) | 14729 |
| | Non-Controlling Interest | 0 | 0 | 1 | 0 | 2 |
| 18 | Paid-up Equity Share Capital (Face Value - Rs.10/-) | 35560 | 35560 | 35560 | 35560 | 35560 |
| 19 | Other Equity | 0 | 0 | 0 | (506961) | (495958) |
| 20 | Earnings per share from Continuing Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | (0.11) | (0.78) | (0.12) | (3.16) | (1.89) |
| | ii) Diluted | (0.11) | (0.78) | (0.12) | (3.16) | (1.89) |
| | Earnings per share from Discontinued Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | 0.07 | 0.02 | 6.23 | 0.07 | 6.27 |
| | ii) Diluted | 0.07 | 0.02 | 6.23 | 0.07 | 6.27 |
| | Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each) | | | | | |
| | i) Basic | (0.05) | (0.76) | 6.11 | (3.09) | 4.38 |
| | ii) Diluted | (0.05) | (0.76) | 6.11 | (3.09) | 4.38 |



STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

CIN: L29230KA1953GOI000748

(Rs in lakhs)

Primary Segment information for the year ended 31st March 2021

| Particulars | Three months ended | | | Year ended | |
|--|------------------------|-------------------------|-----------------------|------------------------|-----------------------|
| | 31.03.2021 Audited* | 31.12.2020 Unaudited | 31.03.2020 Audited | 31-03-2021 Audited* | 31-03-2020 Audited |
| 1 Segment Revenue | | | | | |
| Food Processing Machinery | 690 | 633 | 969 | 1,891 | 2,202 |
| Machine Tools | 7,444 | 4,120 | 5,177 | 16,619 | 17,623 |
| Projects | 603 | 638 | 1,381 | 1,983 | 6,715 |
| Others | 138 | 126 | 133 | 455 | 411 |
| Total | 8,875 | 5,517 | 7,660 | 20,948 | 26,951 |
| Less: Inter Segment Revenue | 300 | 28 | 504 | 559 | 921 |
| Total | 8,575 | 5,489 | 7,156 | 20,389 | 26,030 |
| 2 Segment Results | | | | | |
| Segment Result before Interest & Taxes | | | | | |
| Food Processing Machinery | 160 | (20) | (211) | (34) | (403) |
| Machine Tools | 767 | (1,241) | 1,697 | (5,406) | (2,109) |
| Projects | 350 | 61 | 595 | 684 | 775 |
| Others | 319 | 670 | (931) | 2,353 | 1,683 |
| Total | 1596 | (530) | 1150 | (2403) | (54) |
| Less: | | | | | |
| Interest Expenses | 1,572 | 2,247 | 1,459 | 8,393 | 6,538 |
| Profit/(Loss) before Tax | 24 | (2777) | (309) | (10796) | (6592) |
| 3 Segment Assets | | | | | |
| Food Processing Machinery | 1,123 | 774 | 1,055 | 1,123 | 1,055 |
| Machine Tools | 42,897 | 37,125 | 42,968 | 42,897 | 42,968 |
| Projects | 6,047 | 6,068 | 8,148 | 6,047 | 8,148 |
| Others | 21,522 | 17,123 | 12,997 | 21,522 | 12,997 |
| Unallocated and Discontinued | -3,299 | 3,011 | 7,414 | (3,299) | 7,414 |
| Total | 68290 | 64101 | 72582 | 68290 | 72582 |
| 4 Segment Liabilities | | | | | |
| Food Processing Machinery | 1,239 | 988 | 1,191 | 1,239 | 1,191 |
| Machine Tools | 56,754 | 51,159 | 53,339 | 56,754 | 53,339 |
| Projects | 2,283 | 2,276 | 4,471 | 2,283 | 4,471 |
| Others | 9,658 | 7,148 | 8,597 | 9,658 | 8,597 |
| Unallocated and Discontinued | 469,757 | 474,131 | 465,382 | 469,757 | 465,382 |
| Total | 539691 | 535702 | 532980 | 539691 | 532980 |



STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

| Sl. | Particulars | As at 31-03-2021 Audited* | As at 31-03-2020 Audited |
|----------|---|---------------------------------|--------------------------------|
| A | ASSETS | | |
| 1 | Non Current Assets | | |
| | (a) Property, plant & equipment | 4,595 | 5,096 |
| | (b) Capital work-in-progress | 578 | 655 |
| | (c) Intangible Assets | 1,125 | 1,265 |
| | (d) Intangible Assets under development | - | - |
| | (e) Investment property | 231 | 277 |
| | (f) Financial Assets | | |
| | Investments | 20 | 20 |
| | Other Financial Assets | 1,651 | 404 |
| | (g) Other Assets | - | - |
| | Sub total | 8,200 | 7,717 |
| 2 | Current Assets | | |
| | (a) Inventories | 17,211 | 18,897 |
| | (b) Financial Assets | | |
| | Trade Receivables | 16,853 | 15,077 |
| | Cash & Cash Balances | 19,061 | 20,466 |
| | Other Financial Assets | 709 | 427 |
| | (c) Other Assets | 5,960 | 9,702 |
| | Sub total | 59,794 | 64,569 |
| 3 | Non Current Assets held for sale | 296 | 296 |
| | TOTAL ASSETS | 68,290 | 72,582 |
| B | EQUITY & LIABILITIES | | |
| 1 | Equity | | |
| | (a) Equity share capital | 35,560 | 35,560 |
| | (b) Other equity | (506,935) | (495,932) |
| | Equity attributable to Equity holders of the parent | (471,375) | (460,372) |
| | (c) Non Controlling Interests | (26) | (26) |
| | Total equity | (471,401) | (460,398) |
| 2 | Non-current liabilities | | |
| | (a) Financial Liabilities | | |
| | Borrowings | 1,792 | 12,224 |
| | Non Current Financial Liability | 844 | 2,565 |
| | (b) Other Current Liabilities | 175 | |
| | (c) Provisions | | |
| | Employee Benefits | 4,094 | 5,073 |
| | (d) Deferred tax liability (net) | 46 | 44 |
| | Sub total | 6,951 | 19,906 |
| 2 | Current liabilities | | |
| | (a) Financial Liabilities | | |
| | Borrowings | 3,588 | 2,403 |
| | Trade Payables | 10,265 | 11,381 |
| | Other Financial Liabilities | 469,689 | 451,337 |
| | (b) Other current liabilities | 44,060 | 41,898 |
| | (c) Provisions | | |
| | Employee Benefits | 4,936 | 5,834 |
| | Others | 202 | 221 |
| | Sub total | 532,740 | 513,074 |
| | TOTAL LIABILITIES | 539,691 | 532,980 |
| | TOTAL EQUITY & LIABILITIES | 68,290 | 72,582 |



STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2021

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED CASH FLOW STATEMENT


| Sl. | Particulars | Year ended | |
|----------|--|------------------------|-----------------------|
| | | 31-03-2021 Audited* | 31-03-2020 Audited |
| A | Operating activities | | |
| | Profit/(loss) before tax from continuing operations | (10,796) | (6,592) |
| | Profit/(loss) before tax from discontinued operations | 259 | 25,128 |
| | Profit before tax | (10,537) | 18,536 |
| | Adjustments to reconcile profit before tax to net cash flows: | | |
| | Depreciation and impairment of PPE, Investment Properties and Intangible Assets | 971 | 1140 |
| | Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net) | (958) | (26,848) |
| | Provision withdrawn | - | (849) |
| | Finance income (including fair value change in financial instruments) | (2,706) | (1,197) |
| | Finance cost (including fair value change in financial instruments) | 8394 | 9087 |
| | Working capital adjustments: | | |
| | Movements in provisions | (1,756) | (2,178) |
| | Decrease in trade and other receivables and prepayments | (328) | (2,672) |
| | Decrease in inventories | 2,215 | (1,355) |
| | Increase in trade and other payables | 1,221 | (16,917) |
| | | (3,484) | (23,253) |
| | Income tax (paid)/reversed | (112) | (3,656) |
| | Net cash flows from operating activities | (3,596) | (26,909) |
| B | Investing activities | | |
| | Proceeds from sale of property, plant and equipment and Non Current Assets held for sale | 958 | 26872 |
| | Purchase of property, plant and equipment | (207) | (1,045) |
| | Deposits with Banks | (3,346) | (8,296) |
| | Interest received | 729 | 1304 |
| | Net cash flows used in investing activities | (1,866) | 18835 |
| C | Financing activities | | |
| | Interest Paid | (474) | (4,224) |
| | Proceeds from borrowings (net) | 1186 | 692 |
| | Dividend distribution tax paid | - | (3) |
| | Net cash flows from/(used in) financing activities | 712 | (3,535) |
| | Net increase in cash and cash equivalents | (4,750) | (11,609) |
| | Cash and cash equivalents at the beginning of the year | 12170 | 23779 |
| | Cash and cash equivalents at year end | 7420 | 12170 |

Note:

- The above Results for the quarter and year ended 31st March 2021 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on July 12, 2021
- As per the approval of CCEA, the operations of the Subsidiary Companies i.e. HMT Watches Limited, HMT Chinar Watches Ltd. and HMT Bearings Limited have been discontinued. Accordingly, the figures are considered in discontinued operations. Tractor business of HMT Limited has been discontinued from 2016-17 and closed on 31.3.2020 and pursuant to Board resolution dated 29-7-2020 the Tractor business has been merged in one of the units of the Company w.e.f 1.4.2020. Accordingly, the previous year figures (upto 31.3.2020) have been included as discontinued operations. Application has been filed before NCLT on 26-8-2020 for seeking order for dissolution of HMT Chinar Watches Ltd pursuant to section 59 of the IBC 2016 read with IBBI (Voluntary Liquidation Process) regulations, 2017 and the financials of HMT Chinar Watches Ltd considered upto 6-8-2020. HMT Bearings Ltd had filed petition before NCLT for winding up of the Company u/s 271-272 of the Companies Act, 2013. In this regard NCLT has passed Order on 16-12-2020 for winding up of HMT Bearings Ltd appointing Liquidator and financials upto 16-12-2020 have been considered.
- Networth of the HMT Group has been completely eroded. Considering the realisable value of the non-current assets held for sale, support from Government of India and other business plans, the Company has prepared its financial statements on going concern basis and accordingly, no adjustments are considered necessary to the carrying value of its assets and liabilities.
- The Group has considered the possible effects that may result from the Covid-19 pandemic on Receivables, Inventories, Revenues including Leases, Property Plant and Equipment, Going Concern and Investment in Subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Group (Holding Company and its Subsidiaries), as at the date of approval of their respective Standalone Financial Statements has used internal and external sources of information. Eventhough, the units are falling in Containment Zone due to this Covid-19, intermitantly, the Group has been improving its performance steadily. Also the Group is facing travel restriction due to which the erection and commissioning of various projects are getting delayed. Based on the analysis of such information and the nature of current business operations carried by the Group, it is of the view that the impact is temporary and does not have material impact on respective Financial Statements as at 31st March 2021 and hence has not made any provision in the books of account.
- Figures of previous period / year's have been regrouped wherever necessary to conform with current period/ year's figures.

* Subject to C&AG Review

By order of the Board of Directors


(S. Girish Kumar)
Chairman and Managing Director



| | Particulars | Three months ended | | | Year ended | |
|----|--|------------------------|-------------------------|-----------------------|------------------------|-----------------------|
| | | 31-03-2021 Audited* | 31-12-2020 Unaudited | 31-03-2020 Audited | 31-03-2021 Audited* | 31-03-2020 Audited |
| 1 | Total income from Continuing Operations | 10,266 | 6,807 | 7,717 | 25,947 | 30,792 |
| 2 | Net profit/ (loss) for the period (before tax, exceptional items) | 24 | (2777) | (309) | (10796) | (6592) |
| 3 | Net profit/ (loss) for the period before tax (after exceptional items) | 24 | (2777) | (309) | (10796) | (6592) |
| 4 | Net profit/ (loss) for the period after tax (after exceptional items) | (408) | (2777) | (426) | (11228) | (6709) |
| 5 | Net Profit/(Loss) from Discontinued Operations | 233 | 80 | 22157 | 253 | 22298 |
| 6 | Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax)) | 33 | (2776) | 20955 | (11003) | 14731 |
| 7 | Profit/(Loss) for the year attributable to : | | | | | |
| | Equity holder of the parent | (175) | (2697) | 21730 | (10975) | 15587 |
| | Non-Controlling Interest | - | - | 1 | - | 2 |
| 8 | Other Comprehensive Income attributable to: | | | | | |
| | Equity holder of the parent | 208 | (79) | (776) | (28) | (858) |
| | Non-Controlling Interest | - | - | - | - | - |
| 9 | Total Other Comprehensive income for the year attributable to : | | | | | |
| | Equity holder of the parent | 33 | (2776) | 20954 | (11003) | 14729 |
| | Non-Controlling Interest | - | - | 1 | - | 2 |
| 10 | Paid up Equity Share Capital (face value of Rs.10/- each) | 35,560 | 35,560 | 35,560 | 35,560 | 35,560 |
| 11 | Other Equity | - | - | - | (506961) | (495958) |
| 12 | Earnings Per Share from continuing operations (face value of Rs.10/- each) | | | | | |
| | Basic : | (0.11) | (0.78) | (0.12) | (3.16) | (1.89) |
| | Diluted : | (0.11) | (0.78) | (0.12) | (3.16) | (1.89) |
| | Earnings Per Share from discontinued operations (face value of Rs.10/- each) | | | | | |
| | Basic : | 0.07 | 0.02 | 6.23 | 0.07 | 6.27 |
| | Diluted : | 0.07 | 0.02 | 6.23 | 0.07 | 6.27 |

Note:

1. The above is an extract of the detailed format of Quarterly and yearly Financial Results filed with the Stock Exchanges under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Yearly Financial Results are available on the websites of Stock Exchange of www.nseindia.com and www.bseindia.com and on the Company's website www.hmtindia.com

2. Figures of previous year have been regrouped wherever necessary.

* Subject to C&AG Review

By order of the Board of Directors


(S. Girish Kumar)

Chairman and Managing Director



Place: Bangalore

Date: July 12, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of HMT Limited

Report on Audit of the Standalone Ind AS Financial Statements

Qualified Opinion:

We have audited the Standalone Ind AS financial statements of HMT Limited ("the Company") which comprise of Standalone Balance Sheet as at 31st March, 2021, the Standalone Statement of Profit and Loss, Standalone Statement of Changes in Equity, the Standalone Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matters described in the Basis of Qualified Opinion section of our report, 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:

- (a) in the case of the Standalone Balance Sheet, of the state of affairs of the Company as at 31st March, 2021 and
- (b) in the case of the Standalone Statement of Profit and Loss including Other Comprehensive Income, of the profit for the year ended on that date.
- (c) in the case of the Standalone Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Standalone Cash Flow Statement, of the flow of cash in the Company for the year ended on that date.

Basis of Qualified Opinion:

1. Food Processing Machinery Unit, Aurangabad:

As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification, the correctness of rates of stock items could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain any material departure from the Weighted Average Cost Method adopted by the company. Consequently, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.



2. Auxiliary Business Division, Bengaluru

Indian Accounting Standards

- a. The inventory valuation as on 31.03.2021 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.2,69,55,167/-. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2021.
- b. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified.

3. Corporate Head Office and Company as a whole:

- a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
- b. The Company has not disclosed the following items on the face of the Balance sheet as required in Schedule III of Companies Act, 2013:
 - i) Total outstanding dues of Micro and small enterprises
 - ii) Current tax Asset/Liability.
- c. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.

Indian Accounting Standards

- d. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.
- e. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.

The effect on revenue on all the above transactions are not ascertained.



We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern:

Attention of the members is invited to Note 41 of the Standalone Ind AS financial statements regarding the reasons for preparing these Standalone Ind AS financial statements of the Company on going concern basis. The appropriateness of the said basis is inter-alia dependent on the Company’s ability to realise from sale of non-current assets held for sale, support from Government of India and other business plans. We have relied on the representation of the Company in this respect. Our opinion is not modified in respect of this matter.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.



| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| I. Merger of Tractor Division with Auxiliary Business Division, Bengaluru. | |
| <p>The Tractor division of HMT Ltd has been merged with Auxiliary Business division as resolved in the Board meeting dated 29.07.2020.</p> | <p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have verified the Board meeting Resolution for merger of Tractor Division, Pinjore with Auxiliary Business Division, Bangalore due to closure of Tractor Division. • We have verified the actions taken by the company as per the Board resolution. • We have examined the treatment of the transfer of Assets and Liabilities in Standalone Ind AS Financial statements and disclosure of the matter in the Notes to Accounts and the legal cases to be monitored by Auxiliary Business Division, Bengaluru. • We conclude that there are no material non compliances with the actions stated in the Board resolution. However, physical verification of Fixed assets was last carried during Financial year 2016-17. |

Emphasis of Matter Paragraph

We draw your attention to Note No.45 of Standalone Ind AS financial statements for the financial year ended 31st March, 2021 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Company is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on its Standalone Ind AS Financial Statements as at 31.03.2021 and hence has not made any provision in its books of account. Our opinion in this matter is not modified.

Other Information [“Information Other than the Standalone Ind AS Financial Statements and Auditor’s Report Thereon”]

The Company’s Board of Directors are responsible for the Other information. The other information comprises the information included in the Company’s Annual Report but does not include the Standalone Ind AS financial statements and our Auditor’s report thereon. The Other information is expected to be made available to us after the date of Auditor’s report.

Our opinion on the Standalone Ind AS financial statements does not cover the Other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the Other information identified above when it becomes available and, in doing so, consider whether the Other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Management's Responsibility for Standalone Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

- i) We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 1,239.19 lakhs as at March 31, 2021 and total revenues of Rs. 1,928.10 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.
- ii) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2021.



Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "*Annexure-A*" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with books of account.
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. Hence our comment on the same does not arise.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "*Annexure B*".
 - g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.



- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Company has disclosed its pending litigations which would impact its financial position in note 29 of the Standalone Ind AS financial statements.
 - ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

For SSB & Associates
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 21207783 AAAA EZ 7280



Place: Bengaluru

Date: 12.07.2021

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

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

b) Based on the information and explanation given to us by the Company, physical verification is carried out once in 3 years and is reasonable considering size of the company.

However, in Auxiliary Business Division –the fixed assets of Auxiliary Business Division have been physically verified as per the policy by the management during the Financial year 2019-20. However, physical verification of the Fixed assets of Tractor division merged with Auxiliary Business Division was carried out during financial year 2016-17. In our opinion, the division has to make arrangements for physical verification of assets belonging to TRP division merged with Auxiliary Business Division. Further, no material discrepancies were noticed in the case of Fixed assets of Auxiliary Business Division but since we do not have latest physical verification report of Tractor division, we are unable to comment on the discrepancy if any, on Fixed assets of Tractor division.

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

i. as per the information and explanations given to us and based on our examination, the building disclosed in Auxiliary Business Division is on the portion of the land disclosed in CHO

ii. the Branch Auditor has reported that the following property held by Food Processing Machinery Unit of the company is under dispute, as the land has been encroached upon. The matter is pending with the High Court as stated in Note No. 3A of the Standalone Ind AS Financial Statements.

| Nature of the property | Whether Leasehold/ freehold | Gross Block as on 31 st March, 2021 | Net Block as on 31 st March, 2021 |
|---------------------------|-----------------------------|--|--|
| Leasehold land from CIDCO | Leasehold land | Rs.5,00,000/- | Re.1/- |



- ii) The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, the physical verification of inventories belonging to Tractor division merged with Auxiliary Business Division was not conducted and hence we are unable to comment on the discrepancies if any and its impact on Standalone Ind AS Financial statements.
- iii) In respect of the unsecured loans granted by the Company to companies covered in the register maintained under section 189 of the Act:
- a) In our opinion and according to information and explanation furnished to us, the terms and conditions of the loan given by the Company is prima facie, not prejudicial to the interest of the Company.
- b) According to information and explanation furnished to us by the Company there is no specific repayment specified by the Company.
- c) There is an overdue interest for financial year 2017 – 18, 2018-19, 2019-20 and 2020-21.
- iv) In our opinion and according to information and explanation furnished to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investment made.
- v) The Company has not accepted any deposits from the public. Hence our comment on the compliance of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.
- The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal has not passed any order and hence our comment on the same does not arise
- vi) In our opinion and according to information and explanations furnished to us, in our opinion the Central Government has not prescribed maintenance of cost records under subsection(1) of section 148 of companies act, 2013 in respect of company's products.
- vii) a) According to the information and explanations provided to us Custom Duty and Excise duty does not apply to this company for the year under review.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, GST have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in few cases.



As per our verification and according to the information and explanation given to us, there are no undisputed statutory dues except the following statutory dues which remained outstanding as at 31st March, 2021 for a period more than six months from the date they became payable:

| Sl. No. | Nature of the Statute | Nature of Dues | Amount (Rs. in lakhs) |
|--|---|--------------------------------------|-----------------------|
| In respect of Corporate Head Office: | | | |
| 1. | Greater Hyderabad Municipal Corporation | Property tax | 359.60 |
| 2 | Sales Tax of various states | Sales tax recovery of Lamps Division | 62.93 |
| In respect of Auxiliary Business Division: | | | |
| 3 | Goods & Service Tax | Tax Deducted at Source on GST | 1.83 |
| 4 | Goods & Service Tax | Goods & Service Tax | 0.59 |
| 5 | Employee State Insurance | Employee State Insurance | 2.34 |
| 6 | Employee Provident Fund | Provident Fund | 82.99 |
| 7 | VAT/CST | Interest on VAT/CST | 22.07 |
| In respect of Food Processing Machinery Unit: | | | |
| 8 | Employee Provident Fund | Provident Fund | 23.44 |



- b) According to the information and explanation given to us by the Company, there are no dues outstanding on account of any disputes in respect of statutory dues as at 31st March, 2021 except the following:

| Name of the Statute | Nature of Dues | Amount (Rs.in lakhs) | Amount paid under protest (Rs.in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|--|------------------------------------|----------------------|---|------------------------------------|--|
| Sales tax | Sales tax liability | 2.49 | Nil | 2012-13 | Deputy Commissioner of Sales Tax, Aurangabad |
| Haryana Local Area Development Tax Ordinance, 2000 | Haryana Local Area Development Tax | 486.18 | Nil | From 2005 to 2015 | Honorable High court of Punjab and Haryana |

- viii) According to the records of the company examined by us and as per the information and explanation given to us, the company has not issued debentures and also not availed loans from financial institutions / banks during the year other than loan from Government of India which was taken and defaulted as reported below:

| Particulars | Amount of default as at the balance sheet date (Rs. In Lakhs) | Amount of instalment and period of default |
|---|---|--|
| i) Government of India Loan [Interest Free] dated 21.01.2017 | 24,294.00 | a) Rs.60,73,60,000/- due since 21.01.2018. b) Rs.60,73,60,000/- due since 21.01.2019. c) Rs.60,73,60,000/- due since 21.01.2020. d) Rs.60,73,60,000/- due since 21.01.2021. |
| ii) Government of India Loan [Interest Free] dated 16.02.2017 | 19,200.00 | a) Rs.48,00,00,000/- due since 16.02.2018. b) Rs.48,00,00,000/- due since 16.02.2019. c) Rs.48,00,00,000/- due since 16.02.2020. d) Rs.48,00,00,000/- due since 16.02.2021. |
| e) Government of India Loan [Interest Free] dated 29.04.2017 | 5,874.00 | a) Rs.19,58,00,000/- due since 29.04.2018. b) Rs.19,58,00,000/- due since 29.04.2019. c) Rs.19,58,00,000/- due since 29.04.2020. |



- ix) In our opinion based on the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, comment on the same does not arise.
- x) According to the information and explanation given to us, there are no frauds reported by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) Consequent to Notification reference no. G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs, compliances on transactions under section 197 of Companies Act, 2013 are not applicable to Government Companies.
- xii) The Company is not a Nidhi Company and hence compliances specified in the Nidhi Rules, 2014 are not applicable.
- xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not made any preferential allotment of equity shares and hence our comment on compliance with the provisions of section 62 and section 42 of Companies Act, 2013 does not arise.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with directors or persons connected with him and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SSB & Associates
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 21207783AAAAEZ7280



Place: Bengaluru

Date: 12.07.2021

ANNEXURE-B REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”):

We have audited the internal financial controls over financial reporting of HMT Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

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

Auditors’ Responsibility:

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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.

Qualified Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on internal financial 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 except:

Company as a Whole:

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

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

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.



As explained to us stock is valued by adopting Weighted Average Cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

3. Fixed assets have not been physically verified by the management during the year under consideration. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

As per information and explanations given to us, verification of fixed assets was done in May 2020, subsequent to balance sheet date, report of the same not produced for verification purpose.

4. We were not provided with the returns and corresponding supporting workings of statutory returns and its compliances under GST, TDS, PF, PT, ESIC etc. It was observed that compliance was not done by the company within the due date under the respective Acts. Appropriate controls needs to be established in this area.

For SSB & Associates
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 21207783AAAAE7T220



Place: Bengaluru

Date: 12.07.21

ANNEXURE – C REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT DIRECTIONS INDICATING THE AREARS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE FINANCIAL YEAR 2020-21 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA (“C&AG”) UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013

| Sl. No. | Directions | Audit Observations |
|---------|--|--|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated. | Based on the information and explanation provided to us by the Company, it has system in place where all the accounting vouchers are manually prepared and entered into IT systems after proper authorization. We are of the opinion that there is no material financial implications on the Company. |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders. |
| 3. | Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilised a per its term and conditions? List the cases of deviations. | Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. |



INDEPENDENT AUDITOR'S REPORT

To the Members of HMT Limited

Report on Audit of the Consolidated Ind AS Financial Statements

Qualified Opinion:

We have audited the Consolidated Ind AS financial statements of HMT Limited ("the Holding Company") its subsidiaries, associates and joint ventures (collectively referred as "the Group") which comprise of Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis of Qualified Opinion section of our report, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Group as at 31st March, 2021 and
- (b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the loss for the year ended on that date.
- (c) in the case of the Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Cash Flow Statement, of the flow of cash in the Group for the year ended on that date.

Basis of Qualified Opinion:

I. The Group as a whole:

1. The Company has not disclosed the following items on the face of the Balance sheet as required in Schedule III of Companies Act, 2013:
 - i) Total outstanding dues of Micro and small enterprises and
 - ii) Current tax Asset/Liability.

Indian Accounting Standards

2. In the subsidiary companies financial statements, deposits with more than three months maturity have been classified under Cash and Cash equivalents. Accordingly, the Cash and Cash equivalents in the Consolidated Ind AS Financial Statements consists of bank deposits of Subsidiary companies with original maturity of more than three months which is not in accordance with Ind AS – 7 Statement of Cash flows.



II. HMT Ltd.

Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd, and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.

Indian Accounting Standards

3. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.
4. The company for Impairment on Trade receivables as per Ind-As 109 apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its consequent impact, if any, on the standalone Ind AS financial statements

Auxiliary Business Division, Bengaluru

Indian Accounting Standards

5. The inventory valuation as on 31.03.2021 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.2,69,55,167/-. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2021.
6. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified.



Food Processing Machinery Unit, Aurangabad:

7. As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification, the correctness of rates of stock items could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain any material departure from the Weighted Average Cost Method adopted by the company. Consequently, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.

III. HMT Machine Tools Limited ("MTL"):

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.
2. **Depreciation:** We draw attention towards Note No. 2(g) of the Significant Accounting Policy, depreciating the Property, Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of purchase which is not in line with the requirements of Schedule-II of the Companies Act, 2013.
3. **Interest on MSME liabilities and its disclosure requirements:**
 - a. We draw attention towards the non-provision of interest payable to MSME creditors as per Section 16 of Micro Small and Medium Enterprises Development Act 2006 and the impact on financial statements cannot be reported due to lack of information.
 - b. We draw attention to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.

MBX, Bangalore:

4. We draw attention towards the non-provision of interest towards the delayed payment of statutory dues such as GST, provident fund, ESI and Gratuity.
5. We draw attention towards the non-provision of late filing fee towards the delayed filing of returns such as TDS/TCS, ESI, and Professional Tax
6. We draw attention to the balances of trade payable, trade receivables, advances received, advances paid, deposits (including security deposits) which are subject to confirmation due to non-availability of balance confirmations from the parties



Indian Accounting Standards

7. **Compliance of IND AS – 2 Inventory valuation:** We draw your attention towards Note No. 2(j) of the Significant accounting policies of the company, which is not in line with Ind AS-2 Inventory valuation as per Para 23. The inventory valuation adopted by the Company for Specific Projects undertaken by the Company is on the same lines of weighted average method of raw material than the Specific identification of their individual cost as defined in IND AS-2 for adoption of valuation of inventories of specific projects. However, the impact on the financial statements is not ascertainable due to lack of information to report.
8. **Compliance of IND AS 36 – Impairment of Assets:** We draw attention towards Note No. 2(p) of the Significant Accounting Policy about Ind AS -36 Impairment of Assets in relation to the Assessment of Potential Impairment loss of assets. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted during the year, it is noted that the company has assets with disposable value continuing in its block of assets. The Company is yet to take Management approval for disposal of said assets as per the company's procedures and the quantum of impairment value is not available to report.
9. **Compliance of IND AS 40 – Investment Property:** We draw attention towards Para 75 of Ind AS-40 "Investment Property" regarding the disclosure requirements which are not complied by the Company.

MTM, Hyderabad

10. As per para 51 of Ind AS-16, the residual life of the assets shall be reviewed at the end of each financial year and the change shall be accounted for as a change in accounting estimate in accordance with Ind AS-8 and accordingly further useful life and future economic benefits from Unit's PPE should have been re-casted considering the fact that most of PPE which were in active use were carried in the books at Re.1/-. Further the Unit is not inline with the Schedule II of the Companies Act, 2013 where it is stated that Residual value should be 5% for the tangible assets and depreciation should be charged at 90% of the cost of asset over their useful life. The unit has not complied with Ind AS-16 "Property, Plant and Equipment" as per the requirement.



11. We draw attention to non-compliance with para 57 of Ind AS-19, as defined plan does not include current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such non-compliance on the loss and the current liabilities could not be determined.

It was observed that several items of expenses in the nature of prior period have been charged to the Statement of Profit and Loss for the year ended 31st March, 2021 which belongs to previous accounting periods. According to Ind AS-8 any expenses which arise in the current period as a result of error or omission in the preparation of the financial statements of one or more prior periods shall be corrected retrospectively and not accounted as a change in the current year. This results in non-compliance to Companies (Indian Accounting Standards) Rules, 2015 and in the absence of desired compliance with Ind AS-8 the impact of such non-compliance on current year loss and re-statement of previous reporting period financials could be ascertained.

IV.HMT Watches Limited ("HWL")

1. Status Going Concern:

- a. The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
- b. The accumulated losses of the company as at the close of 31st March 2021 amounted to Rs.2,68,981.92 lakhs against which the paid up capital of the company is Rs.649.01 lakhs and the losses has totally eroded the net worth of the company.
- c. The company has been incurring continues losses for the past many years.
- d. The total liabilities of the company as at the close of 31st March 2021 is Rs. 2,72,319.19 lakhs(Previous year Rs. 2,72,461.47/-lakhs) against which the Fixed and current assets book values are only Rs. 3,986.27 lakhs (Previous year Rs.3,858.66lakhs).
- e. The contingent liabilities disclosed in the financial statements are Rs. 622.41 lakhs (Previous year Rs. 578.39/-lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.
- f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.



2. Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.
3. The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
4. One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.
5. No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.
6. The company has not neither identified nor made provision for liability towards the interest payable under micro- small and medium enterprises development Act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company is not ascertainable in the absence of confirmation from vendors and non availability of adequate information with the units.
7. The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances and periodical verification of fixed assets.
8. GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.
9. As stated in note no. 2.23, no provision is made for liabilities aggregating Rs. 213.89 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by Rs. 213.89 lakhs and corresponding understatement of current liabilities to that extent.
10. In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties as at the 31st March 2021.



11. As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted /written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakh during the year 2016-17. However, as per the minutes of 79th meeting of board of directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016.

Consequently, the company has overstated the GOI liabilities to the extent of Rs.2,69,378.75 lakhs and overstated the negative balance of Other Equity by Rs. 2,69,378.75 lakh.

Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.

12. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.

Indian Accounting Standards

13. IND AS 8: - The Company has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or, where the errors relates to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.
14. IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.
15. IND AS 109:- The Company has not recognized the interest free refundable security deposit at discounted value and fair value of recognition of financial assets and liabilities.
16. No provision towards gratuity amounting to Rs. 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent.

V. HMT Bearings Limited (“HBL”):

1. In terms of letter dated 13th January 2016 received from the Government of India, Ministry of Heavy Industries and Public Enterprises, the company has not written off the GOI loan. The said non-compliance has resulted in understating of the Other equity of the company by Rs. 60,11,39,943/- and overstating of Other Financial Liabilities by Rs. 60,11,39,943/-. However the Company is pursuing with the DHI to get the confirmation that the GOI loans will be waived off after closure of the company.



We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern:

Attention of the members is invited to Note 47 of the Consolidated Ind AS financial statements regarding the reasons for preparing these Consolidated Ind AS financial statements of the Group on going concern basis, notwithstanding the fact that the networth of the Group is eroded. The appropriateness of the said basis is inter-alia dependent on the Group’s ability to realise from sale of “non-current assets held for sale”, support from Government of India and other business continuity plans. We have relied on the representation of the management of the holding company and our opinion is not modified in respect of this matter.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS financial statements.



| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| I. HMT Ltd. | |
| Merger of Tractor Division with Auxiliary Business Division, Bengaluru | |
| <p>The Tractor division of HMT Ltd has been merged with Auxiliary Business Division as resolved in the Board meeting dated 29.07.2020.</p> | <p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have verified the Board meeting resolution for merger of Tractor Division, Pinjore with Auxiliary Business Division, Bangalore due to closure of Tractor Division. • We have verified the actions taken by the company as per the Board resolution. • We have examined the treatment of the transfer of Assets and Liabilities in Standalone Ind AS Financial statements and disclosure of the matter in the Notes to Accounts and the legal cases to be monitored by Auxiliary Business Division, Bengaluru. • We conclude that there are no material non compliances with the actions stated in the Board resolution. However, physical verification of Fixed assets was last carried during Financial Year 2016-17 |
| II. HMT Watches Ltd. | |
| 1) Going concern assumption:- | |
| <p>Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.</p> | <p>We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company.</p> <p>For notes on the going concern assumption and financing requirements, see Qualification No.1 on going concern in our Audit Report</p> |
| 2) Evaluation of uncertain tax matters: | |
| <p>The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.23 and 2.24 to the Financial Statements of the HMT Watches Limited.</p> | <p>We have Obtained details of tax assessments and demands for the year ended March 31, 2021 from management. The company has not made any provisions for the disputed demands and inview oflack of information and uncertainties in estimating the tax provision and the possible outcome of the disputes, we are unable to concur with the management's position on these uncertainties.</p> |



| | |
|--|--|
| 3) Examination of employee benefit expenses: | |
| Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibagh and has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947. | We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement. |
| III. HMT Bearings Ltd. | |
| Going Concern | The company ceased to be a going concern and all the assets are stated at realisable value as per the accounting standards applicable to not a going concern. The board has approved initiation of necessary action for voluntary liquidation. |

Emphasis of Matter Paragraph

I. Impact of COVID-19 on Consolidated Ind AS financial statements:

We draw your attention to Note No.51 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2021 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Group is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on the Consolidated Ind AS Financial Statements as at 31.03.2021. Our opinion in this matter is not modified.

II. HMT Machine Tools Ltd:

- 1. Going Concern:** We draw your attention towards the losses incurred by all the divisions of the Company except for the Kalamassery Unit which is resulting in erosion of the networth of the Company ie., the continuous increase of accumulated losses over the capital infusion reported every year. We observed that, the Company is in the process of merger with HMT Limited, its holding Company and the proposal is pending with Government of India. Accordingly, the Standalone Financial Statements are prepared on the "Going Concern" basis.



MTK, Kalamassery Unit:

2. It is also noted that, a) As per sanction letter, No: M 15/74 dated 31st May 1974, received from Hindustan Machine Tools Limited, Bangalore, issued by Chairman and Managing Director, it was observed that 1 acre 58 cents has been surrendered to Kerala State Electricity Board and 6 acres 89 cents has been surrendered to Ancillary Industrial Estate. b) As per sanction letter, No: A/166/71 dated 25th August 1971, received from Hindustan Machine Tools Limited, Bangalore, issued by Chairman and Managing Director, it was observed that 28 cents has been surrendered to Kerala State Electricity Board. However, the sanction letter, No: M 15/74 dated 31st May 1974 and sanction letter, No: A/166/71 dated 25th August 1971 were not available to us for our verification. Hence, we are not able to comment whether the said land is in the Unit's ownership.
3. The Unit has paid the land tax for 93 Hectares 09 ares 50 sq.mtr in survey no.B/6/321/1 Thandaper No. 3707 and for 69 hectares 95 ares 10 sq.mtr comprising of survey no.B/5-713/1, 713/2, 714/1, 715/1, 716/1, 716/2, 717/5, 721/1, 724/1 and 724/2 in Thandaper no 8317 in the name of HMT Limited Bangalore for the Financial year 2020-21. It is further noticed that as per the possession certificate from village office in the year 2000, an area of 193 Hectares 62 Acres 70 sq.mtr is shown to be in the possession of HMT Ltd. Bangalore, and not HMT Machine Tools Limited. As informed to us, the Management has applied on 15-06-2015 for latest possession certificate and Location Sketch, but has not obtained the same due to pending property disputes. Hence we are unable to comment on whether the company has absolute title to the Land included in the books of accounts.
4. The Unit filed Civil Revision Petition against the proceedings of the Taluk Land Board on the legality of the ceiling proceedings initiated under the Kerala Land Reforms Act, 1963 before the Honorable High Court of Kerala at Ernakulam. The Honorable High Court vide Order No CRP No. 1026 of 2002 dated 03.12.2014 set aside the order of the Taluk Land Board directing HMT to surrender 251 Acres and 40 cents of land held in excess of the ceiling area.

However, the Unit filed Special Leave Petition Numbered as 386/2016 before the Honorable Supreme Court of India against order of the Honorable High Court of Kerala CRP No. 1026/2002 dated 03.12.2014 challenging the observation of the Honorable High Court of Kerala stated that "the lands so held by a person under grant from the Government otherwise than by way of lease of license is declared to be a Government land under section 2(1)(d) and (e) of the Assignment Act. The lands in question were very much a Government land till it was assigned in favour of HMT by Patta No.10015 dated 30.10.1973 Patta No.12398 dated 30.10.1973. It is the situation obtaining as on 01.01.1964 that should be taken for the purpose of granting exemption under the Act as per the law laid down in this regard. The lands in question were obviously Government lands as on 01.04.1964 to which the provisions of Section 81 falling under Chapter III of the Act do not apply. No exemptions of the nature granted have any validity in the eye of law when Chapter III of the Act does not apply and the notifications relied on are non est in law".



The Unit also filed Petition for Special Leave to Appeal No.386/2016 before the Honorable Supreme Court of India against order in CRP No. 1026/2002 dated 03.12.2014 passed by the Honorable High Court of Kerala at Ernakulam. The Honorable Supreme Court of India vide Order no. SLP 386/2016 dated 15.01.2016 passed an order to maintain status quo existing as on date until further orders. It is further noticed that the Appeal No.386/2016 filed before the Honorable Supreme Court of India is pending.

Our opinion is not modified in respect of the above matters.

Other Information ["Information Other than the Financial Statements and Auditor's Report Thereon"]

The Holding Company's management and Board of Directors are responsible for the Other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our Auditor's report thereon. The Other information is expected to be made available to us after the date of Auditor's Report.

Our opinion on the Consolidated Ind AS financial statements does not cover the Other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the Other information identified above when it becomes available and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for Consolidated Ind AS Financial Statements:

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the management and Board of Directors of the Holding Company, as aforesaid.



In preparing the Consolidated Ind AS financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 35 entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

I. Group as a whole:

1. We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs 55,282.40 lakhs as at March 31, 2021 and total revenues of Rs 20,271.87 lakhs (including amount included in discontinued operations) for the year ended on that date as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.



2. The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2021, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
3. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs0.03/- lakhs has been considered for preparation of these Consolidated Ind AS financial statements.
4. The audited financial statements of the subsidiaries HMT Chinar Watches Ltd and HMT Bearings Limited which are under winding up have been prepared upto 06th August, 2020 and 16th December, 2020 respectively and same has been considered for Consolidation.

II. HMT Ltd– Standalone financial statements

5. We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 1,239.19 lakhs as at March 31, 2021 and total revenues of Rs. 1,928.10 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.
6. The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2021.

III. HMT Machine Tools Limited

7. We did not audit the financial statements of the six units of the company namely MBX, Bangalore, MTP-Pinjore, MTK-Kalamassery, MTH-Hyderabad, MTA-Ajmer, PTH-Hyderabad; which reflect total assets of Rs. 40,354.03 Lakhs as at 31st March, 2021, total revenues of Rs. 15,042.68 Lakhs for the year ended 31st March, 2021, as considered in the Standalone Financial Statements of the Company. These financial statements have been audited by other auditors appointed by CAG whose reports have been furnished to us by the Management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid units, is based solely on the reports of the other auditors.



IV. HMT Watches Limited

8. Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.
9. The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal & Regulatory Requirements:

- 1 As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements.
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with books of account
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. the holding company and its subsidiaries which are Government companies, in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable.
In case of SUDHMO, a Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2021, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.



- f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "*Annexure A*".
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.
Further in the case of SUDHMO, a Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.
- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Consolidated Ind AS financial statements disclose the pending litigations which would impact the financial position in note 33 of the Consolidated Ind AS financial statements.
- ii) The Group did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures.

For SSB & Associates
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 21207783AAAAFA5106



Place: Bengaluru

Date: 12.07.2021

ANNEXURE-A REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”):

In conjunction with our audit of the Consolidated Ind AS financial statements of HMT Limited (“the Holding Company”) as of 31st March 2021, we have audited the internal financial controls with reference to the Consolidated Ind AS financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date. However in case of Sudmo HMT Process Engineering (India) Ltd. which is a joint venture company, as reported by its Auditor, the reporting on Internal Financial controls over financial reporting is not applicable for the year under review.

Management’s Responsibility for Internal Financial Controls:

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

Auditors’ Responsibility:

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



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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements..

Meaning of Internal Financial Controls with reference to Consolidated Ind AS financial statements:

A company's internal financial controls with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS financial statements 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 Consolidated Ind AS 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 Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements, 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 with reference to Consolidated Ind AS financial statements to future periods are subject to the risk that internal financial controls with reference to Consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



OPINION:

I. Qualified Opinion of HMT Ltd.:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on internal financial 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 except:

Company as a Whole:

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

In respect of Food Processing Machinery Unit, Aurangabad

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.

As explained to us stock is valued by adopting Weighted Average Cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

3. Fixed assets have not been physically verified by the management during the year under consideration. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

As per information and explanations given to us, verification of fixed assets was done in May 2020, subsequent to balance sheet date, report of the same not produced for verification purpose.

4. We were not provided with the returns and corresponding supporting workings of statutory returns and its compliances under GST, TDS, PF, PT, ESIC etc. It was observed that compliance was not done by the company within the due date under the respective Acts. Appropriate controls needs to be established in this area.



II. Qualified Opinion (issued by Statutory Auditors of HMT Machine Tools Ltd.)

According to the information and explanation given to us and based on our audit and audit by the other auditors, in respect of one division HMT-Hyderabad, the following material weaknesses is identified in the company relating to inadequate internal financial control systems over financial reporting as at March 31st 2021 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.

I. In respect of the Company

- i) Non-reconciliation and non-conformation of the trade receivables, trade payables balances, deposits and advances.
- ii) Delay in payment and filing of statutory dues and returns.
- iii) Non-reconciliation of GST Input with GSTR-2A and Turnover as GST Returns with the Turnover as reported in the Audited Statements of Account.
- iv) Non-reconciliation of TDS Form 26AS as periodical intervals.
- v) Non-compliance of IND AS-2, IND AS-36, IND AS-40
- vi) Non-compliance of Schedule II of the Act with respect to computation of depreciation.
- vii) Non-compliance of Schedule III of the Act with respect to the disclosure of MSME liabilities.

2. In respect of HMT, Hyderabad Unit:

- i) Books of accounts are not being maintained in all completeness on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary / suspense head of accounts, delay in recording of sales and purchases in the books of accounts viz-a-viz the date on which transactions were actually executed.
- ii) Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updating of financial books.

In our opinion, except for the effects of the material weakness described above on achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone financial statements of the company as at 31st March, 2021 and those material weaknesses have affected our opinion on the Standalone financial statements of the company and we have issued a qualified opinion on the same.



III. Opinion (issued by Statutory Auditors of HMT Watches Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 control over Financial Reporting issued by the Institute of Chartered Accountants of India.

IV. Opinion (issued by Statutory Auditors of HMT Chinar Watches Limited):

Nothing come to our notice during the course of our audit that the company does not have internal financial controls or that they are inadequate or ineffective.

V. Disclaimer of Opinion (Issued by Statutory Auditors of HMT Bearings Limited):

1. In view of lack of sufficient appropriate audit evidence of establishment of a framework for internal financial control over financial reporting, we are unable to express our opinion, regarding adequacy of internal financial control over financial reporting and whether or not such internal financial controls were operating effectively as at 16th December, 2020.
2. Though the framework for internal financial control over financial reporting is not established, we have considered the same in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company and it does not impact our audit opinion on the financial statements.

VI. Opinion (issued by Statutory Auditors of HMT(International) Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting Criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters:

The opinion reported under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 5 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

For SSB & Associates
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji



K. Balaji
Partner

Membership Number: 207783

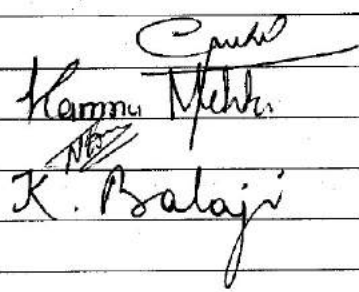
UDIN: 21207783AAAAFA5106

Place: Bengaluru

Date: 18.07.2021

HMT LIMITED
(STANDALONE)

Statement of Impact of Audit qualification (for Audit Report with modified opinion) submitted
Along-with Annual Financial Results - (Standalone and Consolidated separately)

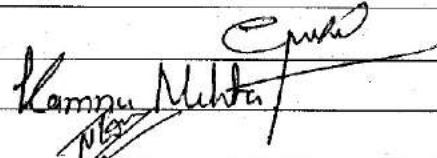
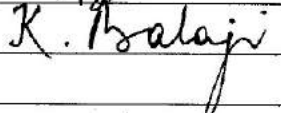
| Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2021 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
|--|---|--|--|---|
| I | Sl.No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
| | 1. | Turnover/ Total income (Rs. in Lakhs) | 8855.57 | 8855.57 |
| | 2. | Total Expenditure (Rs. in Lakhs) | 5697.72 | 5697.72 |
| | 3. | Net Profit / (Loss) (Rs. in Lakhs) | 2614.24 | 2614.24 |
| | 4. | Earnings Per Share (in Rs.) | 0.77 | 0.77 |
| | 5. | Total Assets (Rs. in Lakhs) | 117468.26 | 117468.26 |
| | 6. | Total Liabilities (Rs. in Lakhs) | 78754.48 | 78754.48 |
| | 7. | Net Worth (Rs. in Lakhs) | 38713.78 | 38713.78 |
| | 8. | Any other financial item (s) (as felt appropriate by the Management) | Nil | Nil |
| II | Audit Qualification (each audit qualification separately): | | | |
| | a. | Details of Audit Qualification : As per Enclosure | | |
| | b. | Type of Audit Qualification : Qualified Opinion | | |
| | c. | Frequency of Qualification : As per Enclosure | | |
| | d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NIL | | |
| | e. | For Audit Qualification(s) where the impact is not quantified by the auditor: | | |
| | (i) | Management's estimation on the impact of Audit Qualification: NIL | | |
| | (ii) | If Management is unable to estimate the impact, reasons for the same : As per enclosure. | | |
| | (iii) | Auditors Comments on (i) or (ii) above : | | |
| III | Signatories : | | | |
| | • | CEO/Managing Director |  | |
| | • | CFO | | |
| | • | Audit Committee Chairman | | |
| | • | Statutory Auditor | | |
| | Place : Bangalore | | | |
| | Date : 12.07.2021 | | | |



**HMT LIMITED
(CONSOLIDATED)**

**Statement of Impact of Audit qualification (for Audit Report with modified opinion) submitted
Along-with Annual Financial Results**

**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

| I | Sl.No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|-----|---|--|--|---|
| | 1. | Turnover/ Total income (Rs. in Lakhs) | 25947.15 | 25947.15 |
| | 2. | Total Expenditure (Rs. in Lakhs) | 36743.24 | 36743.24 |
| | 3. | Net Profit / (Loss) (Rs. in Lakhs) | (11003.04) | (11003.04) |
| | 4. | Earnings Per Share (in Rs.) | (3.09) | (3.09) |
| | 5. | Total Assets (Rs. in Lakhs) | 68289.83 | 68289.83 |
| | 6. | Total Liabilities (Rs. in Lakhs) | 539690.75 | 539690.75 |
| | 7. | Net Worth (Rs. in Lakhs) | (471400.92) | (471400.92) |
| | 8. | Any other financial item (s) (as felt appropriate by the Management) | Nil | Nil |
| II | <u>Audit Qualification (each audit qualification separately):</u> | | | |
| | a. Details of Audit Qualification : As per Enclosure | | | |
| | b. Type of Audit Qualification : Qualified Opinion | | | |
| | c. Frequency of Qualification : As per Enclosure | | | |
| | d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NIL | | | |
| | e. For Audit Qualification(s) where the impact is not quantified by the auditor: | | | |
| | (i) Management's estimation on the impact of Audit Qualification: NIL | | | |
| | (ii) If Management is unable to estimate the impact, reasons for the same : As per enclosure. | | | |
| | (iii) Auditors Comments on (i) or (ii) above : | | | |
| III | <u>Signatories :</u> | | | |
| | • CEO/Managing Director | |   | |
| | • CFO | | | |
| | • Audit Committee Chairman | | | |
| | • Statutory Auditor | | | |
| | Place : Bangalore | | | |
| | Date : 12.07.2021 | | | |



QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES

HMT LIMITED
CONSOLIDATION FINANCIAL STATEMENTS

| Audit Observations | Management Reply | Frequency of Qualification |
|---|--|----------------------------|
| <p>I. <u>The Group as a whole:</u></p> <p>1) The Company has not disclosed the following items on the face of the Balance sheet as required in Schedule III of Companies Act, 2013:</p> <p>i) Total outstanding dues of Micro and small enterprises and</p> <p>ii) Current tax Asset/Liability.</p> | <p>i) The Company has made necessary disclosure with respect to Total outstanding dues of Micro and small enterprises on Note No.15, Trade Payables under Notes Forming part of Consolidated Financial Statements.</p> <p>ii) The Company has disclosed the Net Current Tax Asset/Liability after adjustment of tax provision in Note No. 9, Other Current Assets under Notes Forming part of Consolidated Financial Statements.</p> | <p>First Time</p> |
| <p><u>Indian Accounting Standards</u></p> <p>2) In the subsidiary companies financial statements, deposits with more than three months maturity have been classified under Cash and Cash equivalents. Accordingly, the Cash and Cash equivalents in the Consolidated Ind AS Financial Statements consists of bank deposits of Subsidiary companies with original maturity of more than three months which is not in accordance with Ind AS – 7 Statement of Cash flows.</p> | <p>As the deposits mentioned here are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, the same had been classified under cash and cash equivalents even though it had maturity period of more than three month and less than twelve months in the subsidiary company financial statements and the same is disclosed in Consolidated Financial Statements as other deposits in cash and cash equivalents.</p> | <p>First Time</p> |



| | | |
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| <p>II. HMT Ltd.</p> <p>Corporate Head Office and Company as a whole:</p> <ol style="list-style-type: none"> 1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified. 2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements. <p><u>Indian Accounting Standards</u></p> <ol style="list-style-type: none"> 3. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss. | <p>Due to Covid 19 pandemic situation in the country, confirmations from the parties could not be obtained during the FY 2020-21. The same would be obtained during FY 2021-22.</p> <p>Nigeria Machine Tools Ltd is a company incorporated outside India. As HMT Ltd could not retrieve any information from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd, the company believes that it is more appropriate to conclude that the Fair Value of these shares as NIL.</p> <p>HMT Limited (Holding Company) has five subsidiary Companies, viz., 1) HMT Machine Tools Limited, 2) HMT Watches Limited, 3) HMT (International) Limited, 4) HMT Bearings Limited and 5) HMT Chinar Watches Limited. The PF Trusts of various Units of the Subsidiary companies are situated in different locations, viz., Bangalore, Pinjore, Hyderabad, Kalamassery, Ajmer & Srinagar. Further, combinations of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust.</p> <p>Further, HMT Watch Factory, Ranibagh PF Trust had been taken over by the Office of The Regional Provident Fund Commissioner's w.e.f. 01.09.2010.</p> <p>For implementing Indian Accounting Standard bifurcation of income & expenditure, assets & liabilities of PF Trust is required and since in the PF trust</p> | <p>Repetitive</p> <p>First Time</p> <p>Repetitive</p> |
|--|---|---|



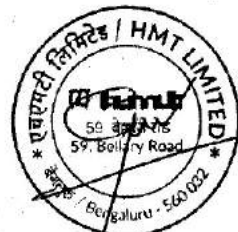
| | | |
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| <p>4. The company for Impairment on Trade receivables as per Ind-As 109 apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its consequent impact, if any, on the standalone Ind AS financial statements</p> | <p>Account, income & expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such, it is very difficult to bifurcate the same. However, all out efforts are being made to compile the required information for the purpose of actuarial valuation</p> <p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there in no ECL during the year.</p> | <p>Repetitive</p> |
| <p>Auxiliary Business Division, Bengaluru</p> <p><u>Indian Accounting Standards</u></p> <p>5. The inventory valuation as on 31.03.2021 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.2,69,55,167/-. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2021.</p> <p>6. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified</p> | <p>Tractor Unit, Pinjore has stopped the production in the year 2016-17. In view of closure, the inventory lying in stores were at various stages of usage. Therefore, Unit has got evaluation of inventory done during 2019-20. Since the inventory is of engineering / product nature and not fabricated, there is no necessity of evaluation every year. Hence, valuation was not done in FY 2020-21.</p> <p>Quantum of loss due to Impairment of asset as per IND AS 36 is NIL.</p> | <p>First Time</p> <p>Repetitive</p> |



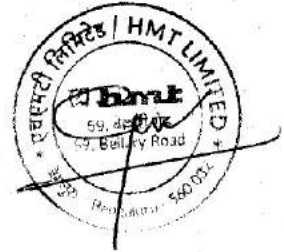
| | | |
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| <p>Food Processing Machinery Unit, Aurangabad:</p> <p>7. As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification, the correctness of rates of stock items could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain any material departure from the Weighted Average Cost Method adopted by the company. Consequently, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p> | <p>The inventory is valued using Weighted average cost method</p> <p>There are some items of stores (Consumables) valued incorrectly due to system error/software drawback. It will be corrected at the earliest by installing Tally software during FY 2021-22 and there is no material impact with respect to the valuation of inventories.</p> | <p>Repetitive</p> |
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III. HMT MACHINE TOOLS LIMITED ("MTL")

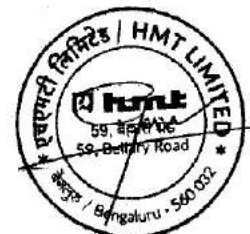
| | | |
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| <p>1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.</p> | <p>Company is in the process of obtaining balance confirmation of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities. Due to the pandemic situation, Company couldn't complete the same for the FY 2020-21. This will be taken up on priority in the FY 2021-22.</p> | <p>First Time</p> |
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| <p>2. Depreciation: We draw attention towards Note No. 2(g) of the Significant Accounting Policy, depreciating the Property, Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of purchase which is not in line with the requirements of Schedule-II of the Companies Act, 2013.</p> | <p>Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per Companies Act 2013. Accordingly considering the size and nature of the business any asset less than Rs.10,000/- have been depreciated fully in the year of purchase. Also, the residual value is taken as Re1/- as the asset is expected to be used even after the useful life of the assets</p> | <p>Repetitive</p> |
| <p>3. Interest on MSME liabilities and its disclosure requirements:</p> <p>a. We draw attention towards the non-provision of interest payable to MSME creditors as per Section 16 of Micro Small and Medium Enterprises Development Act 2006 and the impact on financial statements cannot be reported due to lack of information.</p> <p>b. We draw attention to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.</p> | <p>a. As Government has changed the criteria for registering as MSME, Company is collecting details from all the existing Vendors. Delay is on account of the current pandemic situation. Necessary provision will be done in the Financial Year 2021-22 based on the re-classification of MSME Vendors</p> <p>b. The Company has made necessary disclosure with respect to Total outstanding dues of Micro and small enterprises on Note No.15, Trade Payables under Notes Forming part of Consolidated Financial Statements.</p> | <p>Repetitive</p> <p>First Time</p> |



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| <p>MBX, Bangalore:</p> <p>4. We draw attention towards the non-provision of interest towards the delayed payment of statutory dues such as GST, provident fund, ESI and Gratuity.</p> <p>5. We draw attention towards the non-provision of late filing fee towards the delayed filing of returns such as TDS/TCS, ESI, and Professional Tax.</p> <p>6. We draw attention to the balances of trade payable, trade receivables, advances received, advances paid, deposits (including security deposits) which are subject to confirmation due to non-availability of balance confirmations from the parties</p> | <p>Unit has made necessary provision for delayed payments wherever there is no dispute and the disputed payments and interest thereon are shown as Contingent Liability.</p> <p>Unit has provided for late filing fee towards delayed filing of Returns up to March 2021. Late filing fee beyond March 2021 is very marginal and Unit will ensure that this is accounted properly in the FY 2021-22.</p> <p>Unit is in the process of obtaining balance confirmation of Trade Receivables, Advances, Trade Payables and other deposits. Due to the pandemic situation, Unit could not complete the same for the FY 2020-21. This will be taken up on priority in the FY 2021-22</p> | <p>First Time</p> <p>First Time</p> <p>First Time</p> |
| <p><u>Indian Accounting Standards</u></p> <p>7. Compliance of IND AS – 2 Inventory valuation: We draw your attention towards Note No. 2(j) of the Significant accounting policies of the company, which is not in line with Ind AS-2 Inventory valuation as per Para 23. The inventory valuation adopted by the Company for Specific Projects undertaken by the Company is on the same lines of weighted average method of raw material than the Specific identification of their individual cost as defined in IND AS-2 for adoption of valuation of inventories of specific projects. However, the impact on the financial</p> | <p>Commonly used inventory are valued weighted average method and there will be very few items which would be job specific. As such these specific inventory would be valued only at Specific identification cost as there would be no other comparable inventory available for using weighted average method</p> | <p>Repetitive</p> |



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| <p>statements is not ascertainable due to lack of information to report.</p> <p>8. Compliance of IND AS 36 – Impairment of Assets: We draw attention towards Note No. 2(p) of the Significant Accounting Policy about Ind AS -36 Impairment of Assets in relation to the Assessment of Potential Impairment loss of assets, In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted during the year, it is noted that the company has assets with disposable value continuing in its block of assets. The Company is yet to take Management approval for disposal of said assets as per the company's procedures and the quantum of impairment value is not available to report.</p> <p>9. Compliance of IND AS 40 – Investment Property: We draw attention towards Para 75 of Ind AS-40 "Investment Property" regarding the disclosure requirements which are not complied by the Company.</p> | <p>Company will ensure the compliance for the same during the Financial Year 2021-22</p> <p>Company has disclosed Investment Property separately under Note No. 4 including depreciation and details of land and building held as Investment Property, in the consolidated financials of MTL. Fair value of land held as investments is also disclosed in the consolidated financials of MTL.</p> | <p>First Time</p> <p>Repetitive</p> |
| <p>MTL, Hyderabad</p> <p>10. As per para 51 of Ind AS-16, the residual life of the assets shall be reviewed at the end of each financial year and the change shall be accounted for as a change in accounting estimate in accordance with Ind AS-8 and accordingly further useful life and future economic benefits from Unit's PPE should have</p> | <p>PPE is accounted and Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per Companies Act 2013. Accordingly considering the size and nature of the business any asset less than Rs.10,000/- have been depreciated fully in the year of purchase. Also, the residual</p> | <p>First Time</p> |



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| <p>been re-casted considering the fact that most of PPE which were in active use were carried in the books at Re.1/-. Further the Unit is not inline with the Schedule II of the Companies Act, 2013 where it is stated that Residual value should be 5% for the tangible assets and depreciation should be charged at 90% of the cost of asset over their useful life. The unit has not complied with Ind AS-16 "Property, Plant and Equipment" as per the requirement.</p> | <p>value is taken as Re1/- as the asset is expected to be used even after the useful life of the assets</p> | |
| <p>11. We draw attention to non-compliance with para 57 of Ind AS-19, as defined plan does not include current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such non-compliance on the loss and the current liabilities could not be determined.</p> <p>It was observed that several items of expenses in the nature of prior period have been charged to the Statement of Profit and Loss for the year ended 31st March, 2021 which belongs to previous accounting periods. According to Ind AS-8 any expenses which arise in the current period as a result of error or omission in the preparation of the financial statements of one or more prior periods shall be corrected retrospectively and not accounted as a change in the current year. This results in non-compliance to Companies (Indian Accounting Standards) Rules, 2015 and in the absence of desired compliance with Ind AS-8 the impact of such non-</p> | <p>Company will ensure the compliance for the same during the FY 2021-22.</p> | <p>First Time</p> |



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| <p>compliance on current year loss and re-statement of previous reporting period financials could be ascertained.</p> | | |
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IV. HMT WATCHES LIMITED ("HWL")

Basis for Qualified Opinion

1. Status Going Concern:

- a. The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
- b. The accumulated losses of the company as at the close of 31st March 2021 amounted to Rs.2,68,981.92 lakhs against which the paid up capital of the company is Rs.649.01lakhs and the losses has totally eroded the net worth of the company.
- c. The company has been incurring continues losses for the past many years.
- d. The total liabilities of the company as at the close of 31st March 2021 is Rs. 2,72,319.19 lakhs(Previous year Rs. 2,72,461.47/-lakhs) against which the Fixed and current assets book values are only Rs. 3,986.27 lakhs (Previous year Rs.3,858.66lakhs).
- e. The contingent liabilities disclosed in the financial statements are Rs. 622.41 lakhs (Previous year Rs. 578.39/-lakhs) and there are other liabilities, which

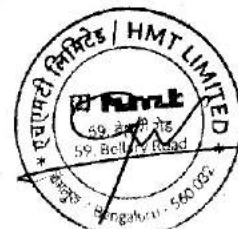
The Company is a subsidiary of HMT Limited and has been carrying on its activities. The Company has been receiving financial support from the Government of India. The financial statements have been prepared as per Ind AS ongoing concern concept.

DHI conveyed vide letter dated 13-1-2016, the decision of the CCEA to close the Company by sending the all the employees on VRS/VSS. The Company has relieved all the employees on VRS/VSS and retrenchment. The company also disposed all the movable assets of the company at Bangalore and Tumkur. The company is in the process of disposing the movable assets at WFR

The company will settle all the liabilities of the company and remove the name of the company From ROC.

The company disposed the Immovable assets of the company at TUMKUR. The company is in the process of disposing the immovable assets at Bangalore and

Repetitive



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| <p>have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.</p> <p>f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.</p> | <p>Ranibagh.</p> | |
| <p>2. Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.</p> | <p>The Sale deed has not yet been executed since the de-notification process not yet completed.</p> | <p>Repetitive</p> |
| <p>3. The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.</p> | <p>On closure of the Company all the dues have been fully paid to employees. Claims if any received from the employees; the same will be paid with the approval of competent authority.</p> | <p>Repetitive</p> |
| <p>4. One of the creditors of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of</p> | <p>The Company settled the amount in the court.</p> | <p>Repetitive</p> |



| | | |
|---|---|-------------------|
| <p>2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.</p> | | |
| <p>5. No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.</p> | <p>The case is settled in favor of the Company, hence no provision required</p> | <p>Repetitive</p> |
| <p>6. The company has not neither identified nor made provision for liability towards the interest payable under micro- small and medium enterprises development Act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company is not ascertainable in the absence of confirmation from vendors and non availability of adequate information with the units.</p> | <p>As per the data / information available with the Company, the Vendors are not MSME Certified/Registered.</p> | <p>Repetitive</p> |
| <p>7. The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances and periodical verification of fixed assets.</p> | <p>The Company has appointed the practicing Chartered Accountant firms as Internal auditors. There are no major discrepancies are reported by the Internal auditors. The necessary action as suggested by auditor will be taken care during the next financial year</p> | <p>Repetitive</p> |
| <p>8. GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.</p> | <p>The company made all the GST payments and also availed the input credit while making the payment.</p> | <p>Repetitive</p> |
| <p>9. As stated in note no. 2.23, no provision is made for liabilities aggregating Rs. 213.89 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus</p> | <p>This case pertains to 1979-80. As all the employees are relieved on VRS after obtaining undertaking of no dues from the Company. The Company will review the status of</p> | <p>Repetitive</p> |



| | | |
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| <p>etc. This has resulted in understatement of net loss by Rs. 213.89 lakhs and corresponding understatement of current liabilities to that extent.</p> | <p>the cases and corrective action will be taken during 2021-22</p> | |
| <p>10. In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties as at the 31st March 2021.</p> | <p>The Company has made one-time settlement with BBMP. Awaiting the final order.</p> | <p>Repetitive</p> |
| <p>11. As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted /written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakh during the year 2016-17. However, as per the minutes of 79th meeting of board of directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016.</p> <p>Consequently, the company has overstated the GOI liabilities to the extent of Rs.2,69,378.75 lakhs and overstated the negative balance of Other Equity by Rs. 2,69,378.75 lakh.</p> <p>Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.</p> | <p>DHI communicated the company vide letter dt. 13-1-2016, the GOI loans will written off after closure of the company.</p> | <p>Repetitive</p> |
| <p>12. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact</p> | <p>All the trade receivables are pertaining prior to the period of 2005. It is to be noted that all the parties are under litigation and with</p> | <p>First Time</p> |



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| <p>if any on the standalone Ind AS financial statements cannot be quantified.</p> | <p>the court cases. However, necessary provision has been made for all the trade receivables. With respect to trade payables the Company is processing the same based on the book balances / claims / reconciliations.</p> | |
| <u>Indian Accounting Standards</u> | | |
| <p>13. IND AS 8: - The Company has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or, where the errors relates to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.</p> | <p>The Company made the payments in respect of prior period expenses for which claims received during the FY and necessary approval obtained from Board of Directors also during the FY. Accordingly the prior period expenses have been corrected during the FY.</p> | Repetitive |
| <p>14. IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.</p> | <p>As the value of movable fixed assets as on 31.03.2021 is Nil the Company has not provided for any impairment of the same. In case of immovable fixed assets NRV as on 31.03.2021 is more than the book value, hence no impairment considered.</p> | Repetitive |
| <p>15. IND AS 109:- The Company has not recognized the interest free refundable security deposit at discounted value and fair value of recognition of financial assets and liabilities.</p> | <p>The Company is under closure and in the process of extinguishing all its liabilities and realizing all assets at the earliest to remove its name from ROC. Therefore security deposit has to be refunded immediately</p> | Repetitive |
| <p>16. No provision towards gratuity amounting to Rs. 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets; resulting in understatement of loss and current liabilities and provisions to that extent</p> | <p>The company deposited Rs 28.00 lakhs as per the ALC order. The company not recognized the liability and contested in the Hon'ble High Court of Karnataka.</p> | Repetitive |



V. HMT BEARINGS LIMITED ("HBL")

In terms of letter dated 13th January, 2016 received from the Government of India, Ministry of Heavy Industries and Public Enterprises, the Company has not write off the GOI loan. The said non-compliance has resulted in under stating of the Other Equity of the company by Rs. 60,11,39,943/-and over stating of Other Financial Liabilities by Rs. 60,11,39,943/-. However the Company is perusing with DHI to get the confirmation that the GOI loans will be waived of after closure of the Company.

DHI vide letter dated 13-1-2016 communicated, the decision of CCEA to close the Company by reliving all the employees on VRS, dispose off the movable and immovable assets of the Company and waive of the GOI loans in the books of accounts after closure of the Company.

Repetitive

