



Cleanliness is
next to Godliness

ಎಚ್‌ಎಂಟಿ ಲಿಮಿಟೆಡ್

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ಎಚ್‌ಎಂಟಿ ಭವನ

ನಂ. 59, ಬೆಲ್ಲಾರಿ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 032

ದೂರವಾಣಿ : 91-80-23330333

ಫ್ಯಾಕ್ಸ್ : 91-80-23339111

ಈ-ಮೇಲ್ : cho@hmtindia.com

ವೆಬ್‌ಸೈಟ್ : www.hmtindia.com

एच एम टी लिमिटेड

(भारत सरकार का उपक्रम)

एच एम टी भवन, 59, बेल्लारी रोड

बेङ्गलुरु - 560 032, भारत

फोन : 91-80-23330333

फैक्स : 91-80-23339111

ई-मेल : cho@hmtindia.com

वेब साईट : www.hmtindia.com

HMT

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

29th July 2020

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers

25th Floor, Dalal Street

Mumbai - 400 001

Scrip Code: 500191

National Stock Exchange of India Limited

"Exchange Plaza"

Bandra-Kurlal 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, 2020

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, 2020 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 : L29230KA1953PLC000748

पंजीकृत कार्यालय : 59, बेल्लारी रोड, बेंगलोर - 560 032 भारत Regd. Office : 59, Bellary Road, Bengaluru - 560 032, INDIA

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

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 2020

(Rs in lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
		Audited*	Unaudited	Audited	Audited*	Audited
I CONTINUING OPERATIONS						
1	Revenue from Operations	1,101	813	576	2,612	1,960
2	Other Income	900	917	860	4,331	2,859
	Total Income	2001	1730	1436	6943	4819
3 Expenses						
a)	Cost of materials consumed	767	593	376	1,627	1,055
b)	Purchase of Stock in Trade	77	17	13	111	82
c)	Changes in Inventories (Increase)/decrease in SIT/WIP	(46)	(126)	(208)	(13)	(134)
d)	Excise duty	-	-	-	-	-
e)	Employee benefits expense	471	292	296	1,375	1,003
f)	Depreciation and amortisation expense	5	7	8	27	25
g)	Finance Costs	(1)	-	-	2	29
h)	Other expenses	343	216	404	1,010	1,065
	Total expenses	1,616	999	889	4,139	3,125
4	Profit/(Loss) before Exceptional Items	385	731	547	2804	1694
5	Exceptional items	-	-	-	-	872
6	Profit/(Loss) before tax	385	731	547	2804	2566
7	Tax Expense	-	-	-	-	-
8	Profit/(Loss) for the period from Continuing Operations(8±7)	385	731	547	2804	2566
II DISCONTINUED OPERATIONS						
9	Profit/(Loss) for the period from Discontinued Operations	25,204	(25)	(501)	25083	(841)
10	Tax Income/(expense) of Discontinued Operations	3,069	-	-	3,069	-
11	Profit/(loss) from Discontinued Operations (9±10)	22135	(25)	(501)	22014	(841)
12	Profit/(Loss) for the period (8±11)	22520	706	46	24818	1725
13 Other Comprehensive Income						
i)	Items that will not be reclassified to profit / (Loss)	(452)	4	(38)	(440)	(32)
ii)	Income Tax relating to items that will not be reclassified to Profit / (Loss)	-	-	-	-	-
	Net Other Comprehensive Income	(452)	4	(38)	(440)	(32)
14	Total Comprehensive Income for the period (12±13)	22068	710	8	24378	1693
15	Paid-up Equity Share Capital (Face Value - Rs10/-)	35560	35560	35560	35560	35560
16	Other Equity	-	-	-	539	(23839)
17 Earnings per share from Continuing Operations						
	(face value Rs.10/- each)					
i)	Basic	0.11	0.21	0.15	0.79	0.72
ii)	Diluted	0.11	0.21	0.15	0.79	0.72
Earnings per share from Discontinued Operations						
	(face value Rs.10/- each)					
i)	Basic	6.22	(0.01)	(0.14)	6.19	(0.24)
ii)	Diluted	6.22	(0.01)	(0.14)	6.19	(0.24)
Earnings per share from Continuing & Discontinued Operations						
	(face value Rs.10/- each)					
i)	Basic	6.33	0.20	0.01	6.98	0.48
ii)	Diluted	6.33	0.20	0.01	6.98	0.48

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 2020

(Rs in lakhs)

STANDALONE CASHFLOW STATEMENT

	Particulars	Year ended	
		31-03-2020 Audited*	31-03-2019 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	2,804	2,566
	Profit/(loss) before tax from discontinued operations	25,083	(841)
	Profit before tax	27,887	1,725
	<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
	Depreciation and impairment of Property, Plant and Equipment and Investment Properties	213	230
	Loss on sale of investment	-	9
	Transfer from FVTOCI Reserve	-	(48)
	Amortisation of Government Grant	(2,545)	(3,307)
	Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	(25,808)	(909)
	Provision withdrawn	(849)	-
	Interest Income	(2,268)	(1,618)
	Dividend received from Subsidiaries	(14)	-
	Finance Costs	2,548	3,338
	<i>Working capital adjustments:</i>		
	Movements in provisions, Gratuity, Government Grants	(374)	68
	(Increase)/Decrease in trade and other receivables and prepayments	(12,691)	(13,569)
	(Increase)/Decrease in inventories	715	814
	Increase/(Decrease) in trade and other payables	(13,305)	12,293
		(26,491)	(974)
	Income tax (paid)/reversed	(3,156)	(171)
	Net cash flows from operating activities	(29,647)	(1,145)
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets Held for Sale	25,820	909
	Purchase of property, plant and equipment	(2)	(124)
	Proceeds from Sale of Investments	-	56
	Deividend received from Subsidiaries	14	-
	Interest received	970	1,537
	Net cash flows used in investing activities	26,802	2,378
C	Financing activities		
	Interest Paid	(1,189)	(7)
	Repayment of borrowings	-	(986)
	Net cash flows from/(used in) financing activities	(1,189)	(993)
	Net increase in cash and cash equivalents	(4,034)	240
	Cash and cash equivalents at the beginning of the year	14,607	14,367
	Cash and cash equivalents at year end	10,573	14,607


HMT LIMITED
 No.59, Bellary Road, Bangalore - 560 032
 CIN L29230KA1953G01000748
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020
 (Rs in lakhs)

Sl.	Particulars	As at 31-03-2020 Audited*	As at 31-03-2019 Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	1168	1364
	(b) Investment property	225	260
	(c) Financial Assets		
	Investments	71978	71978
	(d) Other Assets	-	170
	Sub total	73371	73762
2	Current Assets		
	(a) Inventories	827	1328
	(b) Financial Assets		
	Trade Receivables	330	305
	Cash & Cash Equivalents	10573	14607
	Loans	20556	13747
	Other Financial Assets	202	271
	(c) Other Assets	9064	1573
	Sub total	41552	31831
3	Non Current Assets held for sale	-	12
	TOTAL ASSETS	114923	105595
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35560	35560
	(b) Other equity	539	(23839)
	Total equity	36099	11721
2	Non-current liabilities		
	(a) Financial Liabilities		
	Borrowings	12224	22511
	Non Current Financial Liability	2566	5110
	(b) Provisions		
	Employee Benefits	255	198
	Sub total	15045	27819
3	Current liabilities		
	(a) Financial Liabilities		
	Trade Payables	550	310
	Other Financial Liabilities	53068	42271
	(b) Other current liabilities	9738	23283
	(c) Provisions		
	Employee Benefits	389	150
	Others	34	39
	Sub total	63779	66054
	TOTAL LIABILITIES	76824	93873
	TOTAL EQUITY & LIABILITIES	114923	105595

Note:

- 1 The above Results for the quarter and year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on July 29, 2020.
- 2 The Tractor Business of the Company has been discontinued as per CCEA approval during the year 2016-17. Accordingly, figures have been included in discontinued operations.
- 3 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.
- 4 During the Financial Year 2019-20, the Profit after Tax of the Company stood at Rs.248.18 Crores as against the previous year Rs.17.25 Crores which is mainly on account of income of Rs.226.75 Crore (net of tax) from transfer of land at Pinjore to Government of Haryana as per CCEA approval.
- 5 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 2020 and hence has not made any provision in the books of account.
- 6 Figures of previous year have been regrouped wherever necessary.
 * Subject to C&AG Review

By order of the Board of Directors


 (S. Gresh Kumar)
 Chairman and Managing Director

Place: Bangalore

Date: July 29, 2020

HMT LIMITED
No. 59, Bellary Road, Bangalore 560032
CIN L29230KA1953GOI000748

EXTRACT OF THE AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

(Rs in lakhs)

Particulars	Three months ended			Year ended	
	31-03-2020 Audited*	31-12-2019 Unaudited	2019 Audited	31-03-2020 Audited*	31-03-2019 Audited
1 Total income from Continuing Operations	2001	1730	1436	6943	4819
2 Net profit/ (loss) for the period (before tax, exceptional items)	385	731	547	2804	1694
3 Net profit/ (loss) for the period before tax (after exceptional items)	385	731	547	2804	2566
4 Net profit/ (loss) for the period after tax (after exceptional items)	385	731	547	2804	2566
5 Net Profit/(Loss) from Discontinued Operations	22135	(25)	(501)	22014	(841)
6 Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax)	22068	710	8	24378	1693
7 Paid up Equity Share Capital (face value of Rs.10/- each)	35560	35560	35560	35560	35560
8 Other Equity	-	-	-	539	(23839)
9 Earnings Per Share from continuing operations (face value of Rs.10/- each)					
Basic :	0.11	0.21	0.15	0.79	0.72
Diluted :	0.11	0.21	0.15	0.79	0.72
Earnings Per Share from discontinued operations (face value of Rs.10/- each)					
Basic :	6.22	(0.01)	(0.14)	6.19	(0.24)
Diluted :	6.22	(0.01)	(0.14)	6.19	(0.24)


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 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


(S. Girish Kumar)

Chairman and Managing Director

Place: Bangalore
Date: July 29, 2020

HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

CIN: L29230KA1953GOI000748

(Rs in lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
		Audited*	Unaudited	Audited	Audited*	Audited
1	CONTINUING OPERATIONS					
1	Revenue from Operations	7156	4237	11771	26030	26277
2	Other Income	561	1359	1418	4762	4525
	Total Income	7717	5596	13189	30792	30802
3	Expenses					
	a) Cost of materials consumed	4589	1845	3520	10372	9363
	b) Purchase of Stock in Trade	797	656	1260	4883	3015
	c) Changes in Inventories (Increase)/decrease in SIT/WIP	(3910)	1204	(2305)	(2980)	(3394)
	d) Changes in Excise Duty on (increase)/decrease in Fin. Goods	0		15		15
	e) Employee benefits expense	3135	2943	2674	11935	12364
	f) Depreciation and amortisation expense	248	218	175	954	924
	g) Finance Costs	1458	1523	1776	6537	6226
	h) Other expenses	1709	1286	3643	5683	6656
	Total expenses	8026	9675	10758	37384	35169
4	Profit/(Loss) before Share of Investment in Associate & Joint Venture, Exceptional items & Tax from Continuing Operations	(309)	(4079)	2431	(6592)	(4367)
5a	Share of Profit/(Loss) of an Associate & Joint venture	0	0	(1)	0	(1)
5b	Exceptional Items	0		0	0	872
6	Profit/(Loss) before Tax	(309)	(4079)	2430	(6592)	(3496)
7	Tax Expense	117	0	51	117	51
8	Profit/(Loss) for the period from Continuing Operations	(426)	(4079)	2379	(6709)	(3547)
11	DISCONTINUED OPERATIONS					
9	Profit/(Loss) for the period from Discontinued Operations	25302	(123)	10339	25129	25036
10	Tax income/withdrawal of tax/(Expense) of Discontinued Operations	(3145)		(2698)	(2831)	(5947)
11	Profit/(Loss) from Discontinued Operations	22157	(123)	7641	22298	19089
12	Profit/(Loss) for the period	21731	(4202)	10020	15589	15542
13	Other Comprehensive Income					
	i) Items that will not be reclassified to profit / (Loss)	(776)	(7)	(1259)	(858)	(1173)
	ii) Income Tax relating to items that will not be reclassified to Profit / Loss			13		13
	Net Other Comprehensive Income	(776)	(7)	(1246)	(858)	(1160)
14	Total Comprehensive Income for the period (12±13)	20955	(4209)	8774	14731	14382
15	Profit/(Loss) for the year attributable to :					
	Equity holder of the parent	21730	(4202)	9969	15587	15491
	Non-Controlling Interest	1		51	2	51
16	Other Comprehensive Income attributable to:					
	Equity holder of the parent	(776)	(7)	(1246)	(858)	(1160)
	Non-Controlling Interest	0	0	0	0	0
17	Total Other Comprehensive income for the year attributable to :					
	Equity holder of the parent	20954	(4209)	8723	14729	14331
	Non-Controlling Interest	1	0	51	2	51
18	Paid-up Equity Share Capital (Face Value - Rs.10/-)	35560	35560	35560	35560	35560
19	Other Equity	0	0	0	(495958)	(510685)
20	Earnings per share from Continuing Operations (face value Rs.10/- each)					
	i) Basic	(0.12)	(1.15)	0.67	(1.89)	(1.00)
	ii) Diluted	(0.12)	(1.15)	0.67	(1.89)	(1.00)
	Earnings per share from Discontinued Operations (face value Rs.10/- each)					
	i) Basic	6.23	(0.03)	2.13	6.27	5.35
	ii) Diluted	6.23	(0.03)	2.13	6.27	5.35
	Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each)					
	i) Basic	6.11	(1.18)	2.80	4.38	4.36
	ii) Diluted	6.11	(1.18)	2.80	4.38	4.36

HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS

FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Sl.	Particulars	As at 31-03-2020 Audited*	As at 31-03-2019 Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	5,096	5,588
	(b) Capital work-in-progress	655	566
	(c) Intangible Assets	1,266	-
	(d) Intangible Assets under development	-	941
	(e) Investment property	277	302
	(f) Financial Assets		
	Investments	20	20
	(g) Other Assets	42	249
	Sub total	7,356	7,666
2	Current Assets		
	(a) Inventories	18,897	16,847
	(b) Financial Assets		
	Trade Receivables	15,077	16,632
	Cash & Cash Equivalents	20,851	23,778
	Other Financial Assets	446	553
	(c) Other Assets	9,833	6,019
	Sub total	65,104	63,829
3	Non Current Assets held for sale	296	308
	TOTAL ASSETS	72,756	71,803
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35,560	35,560
	(b) Other equity	(495,932)	(510,657)
	Equity attributable to Equity holders of the parent	(460,372)	(475,097)
	(c) Non Controlling Interests	(26)	(28)
	Total equity	(460,398)	(475,125)
2	Non-current liabilities		
	(a) Financial Liabilities		
	Borrowings	12,224	23,145
	Non Current Financial Liability	2,566	5,110
	(b) Provisions		
	Employee Benefits	5,115	5,458
	(c) Deferred tax liability (net)	44	49
	Sub total	19,949	33,762
2	Current liabilities		
	(a) Financial Liabilities		
	Borrowings	2,403	1,857
	Trade Payables	11,381	10,013
	Other Financial Liabilities	451,337	433,710
	(b) Other current liabilities	41,898	60,183
	(c) Provisions		
	Employee Benefits	5,834	6,528
	Others	221	221
	(d) Current tax liabilities (net)	131	654
	Sub total	513,205	513,166
	TOTAL LIABILITIES	533,154	546,928
	TOTAL EQUITY & LIABILITIES	72,756	71,803

HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

CIN: L29230KA1953GOI000748

(Rs in lakhs)

Primary Segment information for the year ended 31st March 2020

Particulars	Three months ended			Year ended	
	31.03.2020 Audited*	31.12.2019 Unaudited	31.03.2019 Audited	31-03-2020 Audited*	31-03-2019 Audited
1 Segment Revenue					
Food Processing Machinery	969	706	503	2,202	1,636
Machine Tools	5,177	3,627	10,091	17,623	21,741
Proejcts	1,381	3,239	3,342	6,715	5,707
Others	133	107	73	411	324
Total	7,660	7,679	14,009	26,951	29,408
Less: inter Segment Revenue	504	275	2,238	921	3,131
Total	7,156	7,404	11,771	26,030	26,277
2 Segment Results					
Segment Result before Interest & Taxes					
Food Processing Machinery	(211)	70	121	(403)	33
Machine Tools	1,684	(1,731)	1,864	(2,122)	(1,399)
Proejcts	595	297	2,073	775	2,192
Others	(918)	676	148	1,696	1,032
Total	1150	(688)	4206	(54)	1858
Less:					
Interest Expenses	1,459	1,688	1,775	6,538	6,225
Profit/(Loss) before Tax	(309)	(2376)	2431	(6592)	(4367)
3 Segment Assets					
Food Processing Machinery	1,055	1,737	1,240	1,055	1,240
Machine Tools	42,968	34816	40,744	42968	40744
Projects	8,321	4,074	9,685	8,321	9,685
Others	12,997	14,277	26,901	12,997	26,901
Unallocated and Discontinued	7,415	16448	6,767	7415	(6767)
Total	72756	71352	71803	72756	71803
4 Segment Liabilities					
Food Processing Machinery	1,284	1,374	805	1,191	709
Machine Tools	47538	46097	46777	53339	56468
Projects	3,491	5,522	1,762	4,514	6,190
Others	28,919	30,805	19,051	8,597	21,899
Unallocated and Discontinued	469694	468902	475446	465513	461662
Total	550926	552700	543841	533154	546928

HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED CASH FLOW STATEMENT

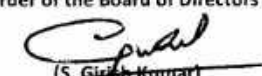
Sl.	Particulars	Year ended	
		31-03-2020 Audited*	31-03-2019 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	(6,592)	(3,496)
	Profit/(loss) before tax from discontinued operations	25128	25036
	Profit before tax	18536	21540
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of PPE, Investment Properties and Intangible Assets	1140	1129
	Loss on sale of investment	-	9
	Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	(26,848)	(29,063)
	Provision withdrawn	(849)	-
	Finance income (including fair value change in financial instruments)	(1,197)	(1,135)
	Finance cost (including fair value change in financial instruments)	9087	9556
	Share of (profit)/ loss of an associate and a joint venture	-	1
	Working capital adjustments:		
	Movements in provisions	(2,178)	(2,862)
	Decrease in trade and other receivables and prepayments	(2,287)	(6,220)
	Decrease in inventories	(1,355)	(3,983)
	Increase in trade and other payables	(16,917)	11,740
		(22,868)	712
	Income tax (paid)/reversed	(3,656)	(5,542)
	Net cash flows from operating activities	(26,524)	(4,830)
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets held for sale	26872	29439
	Purchase of property, plant and equipment	(1,045)	(857)
	Proceeds from sale of non current investments	-	61
	Interest received	1304	1108
	Net cash flows used in investing activities	27131	29751
C	Financing activities		
	Interest Paid	(4,224)	(3,760)
	Proceeds from borrowings (net)	692	-
	Repayment of borrowings	-	(20,334)
	Dividend distribution tax paid	(3)	-
	Net cash flows from/(used in) financing activities	(3,535)	(24,094)
	Net increase in cash and cash equivalents	(2,928)	827
	Cash and cash equivalents at the beginning of the year	23779	22951
	Cash and cash equivalents at year end	20851	23778

Note:

- The above Results for the quarter and year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on July 29, 2020
- As per the approval of CCEA, the operations of the Subsidiary Companies i.e. HMT Chinar Watches Ltd., HMT Watches limited, HMT Bearings Limited and Tractor Business of HMT Limited have been discontinued. Accordingly, the financial figures are considered in discontinued operations. HMT Chinar Watches Ltd is under Voluntary winding up w.e.f. March 25, 2019.
- 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. 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 2020 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

Place: Bangalore
Date: July 29, 2020

HMT LIMITED

No. 59, Bellary Road, Bangalore 560032

EXTRACT OF THE CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

CIN: L29230KA1953GOI000748

(Rs. In Lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2020 Audited*	31-12-2019 Unaudited	31-03-2019 Audited	31-03-2020 Audited*	31-03-2019 Audited
1	Total income from Continuing Operations	7,717	5,596	13,189	30,792	30,802
2	Net profit/ (loss) for the period (before tax, exceptional items)	(309)	(4079)	2431	(6592)	(4367)
3	Net profit/ (loss) for the period before tax (after exceptional items)	(309)	(4079)	2430	(6592)	(3496)
4	Net profit/ (loss) for the period after tax (after exceptional items)	(426)	(4079)	2379	(6709)	(3547)
5	Net Profit/(Loss) from Discontinued Operations	22157	(123)	7641	22298	19089
6	Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax))	20955	(4209)	8774	14731	14382
7	Profit/(Loss) for the year attributable to :					
	Equity holder of the parent	21730	(4202)	9969	15587	15491
	Non-Controlling Interest	1	-	51	2	51
8	Other Comprehensive Income attributable to:					
	Equity holder of the parent	(776)	(7)	(1246)	(858)	(1160)
	Non-Controlling Interest	-	-	-	-	-
9	Total Other Comprehensive income for the year attributable to :					
	Equity holder of the parent	20954	(4209)	8723	14729	14331
	Non-Controlling Interest	1	-	51	2	51
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	-	-	-	(495958)	(510685)
12	Earnings Per Share from continuing operations (face value of Rs.10/- each)					
	Basic :	(0.12)	(1.15)	0.67	(1.89)	(1.00)
	Diluted :	(0.12)	(1.15)	0.67	(1.89)	(1.00)
	Earnings Per Share from discontinued operations (face value of Rs.10/- each)					
	Basic :	6.23	(0.03)	2.13	6.27	5.35
	Diluted :	6.23	(0.03)	2.13	6.27	5.35

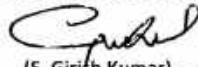
Note:

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 29, 2020

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, 2020, 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 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, 2020 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:**

Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates 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. Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit):

- a. Lease Rental Income from leased out portions of land, apartments, school etc. belonging to HMT Ltd.,(Tractor Division) Pinjore, has not been accounted for as "Other Income" in the books of HMT Ltd., (Tractor Division) but accounted in HMT Machine Tools Ltd., since financial year 2017-18. Accordingly, during Financial Year 2019-20, a sum of Rs.278.88 Lakhs has not been accounted as rental income in the books of HMT Ltd., (Tractor Division) along with expenses relating to Estate Operation. In the absence of the required records which were not presented to us we are unable to ascertain the impact on this standalone Ind AS financial statements.
- b. The company has obtained Inventory valuation report from a Registered Valuer whereby based on the value provided the inventory was valued at Rs.279.15 lakhs as on 31st March 2020, however the book value of the said inventory is Rs.1,126.34 lakhs. Considering the drastic reduction in the value provided by the Registered Valuer, we are of the opinion that the company has to obtain the inventory valuation from another Registered valuer to establish the correctness of the said valuation. Consequently, we are unable to quantify the impact of the same on the standalone Ind AS financial statements.

Indian Accounting Standards

- c. Consequent to closure of Tractor Division, the Company has not carried out impairment test pursuant to Ind AS 36 – Impairment of Assets on its Plant, Machinery and Other Equipment as it has carried at Written down Value. Consequently, we are unable to ascertain the impact of impairment loss on the standalone Ind AS financial statements.

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.

Indian Accounting Standards

- b. 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.
- c. 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.



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, notwithstanding the fact that Tractor business of the company is closed down. 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 this respect.

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, 2020. 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
Adoption of Ind AS 116 - Leases	
The company has adopted Ind AS 116 which deals with recognition, measurement, presentation, and disclosure of leases of both Lessor and Lessee. We have considered this as a key audit matter, since Ind AS 17	Our Audit Procedures included the following: <ul style="list-style-type: none">We have verified the accounting, measurement and presentation for Leases which is in line with the Ind AS 116.



<p>was covering the "Leases" upto Financial Year 2018-19.</p>	<ul style="list-style-type: none">• We have examined the disclosures as required by Ind AS 116 in financial statements.• We conclude that there are no material non-compliance with the accounting policy as no material difference between Ind AS 116 and Ind AS 17 on Accounting of leases in the books of the Lessor.
---	---

Emphasis of Matter Paragraph

We draw your attention to Note No.43 of standalone Ind AS financial statements for the financial year ended 31st March, 2020 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 Financial Statements as at 31.03.2020 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"]

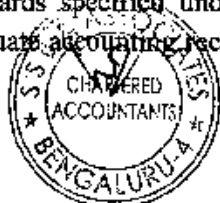
The Company's Board of Directors are responsible for the Other information. The other information comprises the information included in the Company's Annual Report but does not include the standalone Ind AS financial statements and our Auditor's report thereon. The Other information is expected to be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

Other Matters:

- i) We did not audit the financial statements/information of 2 units i.e. Tractor Business Group, Pinjore and Food Processing Machinery Unit, Aurangabad included in these standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 12,767.77 lakhs as at March 31, 2020 and total revenues of Rs. 5,253.13 lakhs (including amount included in discontinued operations of Rs.3,029.85 lakhs) for the year ended on that date. The financial statements/ information of these branches has been audited by the branch auditors i.e.M/sS P Babuta& Associates, Chartered Accountants, Chandigarh and M/s Modi & Agrawal, Chartered Accountants, Aurangabad respectively whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these units, are based solely on the report of such branch auditors.
- ii) The 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, 2020.
- iii) The Company has discharged the loan borrowed from State Bank of India. However, upon verification of Index of Charges in Ministry of Corporate Affairs website, the charge is still appearing.

The Branch Auditors of Food Processing Machinery, Aurangabad ("the Unit") has reported the following other matters:

- iv) Closing stock of inventory valued by the company at Rs.435.68 lacs is relied based the certificate obtained from the management.



Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. except for the 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: 20207783AAAADW4309



Place: Bengaluru
Date: July 29,2020

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 will be carried out once in 3 years. However, during the year none of the units have carried out such verification except:
- in Auxiliary Business Division –the fixed assets have been physically verified by the management. In our opinion the frequency of such verification is considered reasonable, considering the size and nature of business and there are no material discrepancies noticed on such verification.
 - in Food Processing Machinery Unit - verification of fixed assets was done in May 2020, subsequent to balance sheet date but report of the same not produced to Branch Auditors.
- 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. However, 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, 2020	Net Block as on 31 st March, 2020
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, it has been reported by the Food Processing Machinery unit auditor that documentary evidences to support the same were not available for their verification. In respect of Tractor division, Pinjore it has been reported by branch auditor that physical inventory has not been carried since last two financial years even though valuation of inventories has been obtained from a Registered Valuer. Accordingly, we are unable to comment on the same.



- iii) In respect of the unsecured loans granted by the Company to companies covered in the register maintained under section 189 of the Act:
- 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.
 - According to information and explanation furnished to us by the Company there is no specific repayment specified by the Company.
 - There is an overdue interest for financial year 2017 – 18, 2018-19 and 2019-20.
- 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, the Central Government has prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 148 of the Act to Tractor Division. However, consequent to discontinuation of business, the cost records are not been maintained.
- 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 except as per the Branch Auditor of Food Processing Machinery Unit, the unit was irregular in payment of Provident fund dues and that the amount is unascertainable due to non-availability of details.



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, 2020 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	272.41
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	8.77
4.	Professional Tax	Professional Tax	0.02

- 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, 2020 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



- viii) Based on the information and explanations given to us, the Company has not defaulted on repayment of loan to Banks. The Company has defaulted in repayment of Loan taken from Government of India amounting to Rs.36,536.80 Lakhs, details of defaults are as follows:

Period of Default	Amount (Rs. in lakhs)
Financial Year 2017-18	10,873.60
Financial Year 2018-19	12,831.60
Financial Year 2019-20	12,831.60

However, it has not borrowed any amount from financial institution or has issued any debentures.

- 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. 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.

However, Branch Auditor of Tractor Business Division has reported that Inventory -TRP main Stores worth Rs.1,96,640/-(Book Value Rs.9,83,088/-) have reportedly been lost due to theft. But as per detailed "VALUATION REPORT", dated 30.03.2020, after its "Personal Inspection" conducted by Er. Sanjay Verma, Proprietor of SV Engineers & Consultants, the said stock, which was reportedly stolen in the month of Dec., 2019 was lying at factory premises as on the date of inspection dated 18.03.2020. In such a dubious situation it is difficult for us to rely on whom i.e. "the FIR Lodged regarding theft by HMT" or "the report submitted by SV Engineers & Consultants" which claims that the said stock was lying at factory premises during inspection. We disclaim our opinion regarding the correctness of actual availability of stocks & its valuation.

- 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, during the year Company has not made any preferential allotment of equity shares and hence 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: 20207783AAAA DW 4309



Place: Bengaluru

Date: July 29,2020

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, 2020 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.

Disclaimer Opinion:

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

1. 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.

Moreover stock ageing analysis was not done by the company due to which the quantum of non-moving and obsolete stock could not be assessed.

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.



2. 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.

3. The company did not have adequate appropriate internal controls for reconciling and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.
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.
5. In absence of information about payroll processing system, monthly statement along with status of statutory deduction, we are unable to comment upon the payroll processing mechanism and internal controls for the same. As informed payroll is processed jointly by IIR and accounts department, proper defining of role and responsibility between both the departments is not found.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the company as at and for the year ended March 31, 2020, and these material weaknesses have affected our opinion on the standalone Ind AS financial statements of the company and we have issued a qualified opinion on the standalone Ind AS financial statements.



In respect of Tractor Division, Pinjore:

In our opinion, the Company, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

In respect of Corporate Head Office, Bangalore and, Auxiliary Business Division, Bangalore:

We are unable to express our opinion on the internal financial controls as the system of internal financial controls over financial reporting with respect to the Auxiliary Business Division and Corporate Head Office of the company are not made available to us to enable us to obtain sufficient appropriate audit evidence that the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at 31st March 2020.

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

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

K. Balaji



K. Balaji
Partner

Membership Number: 207783
UDIN: 20207783AAADW4309

Place: Bengaluru
Date: July 29, 2020

ANNEXURE – C REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT DIRECTIONS INDICATING THE AREAS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE FINANCIAL YEAR 2019-20 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 as 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 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, 2020, 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, 2020 and
- (b) in the case of the 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 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. HMT Ltd.

1. Food Processing Machinery Unit, Aurangabad:

- a. Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates 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 Consolidated Ind AS financial statements.



2. **Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit):**
- Lease Rental Income from leased out portions of land, apartments, school etc. belonging to HMT Ltd.,(Tractor Division)Pinjore, has not been accounted for as "Other Income" in the books of HMT Ltd., (Tractor Division) but accounted in HMT Machine Tools Ltd., since financial year 2017-18.Accordingly, during Financial Year 2019-20, a sum of Rs.278.88 Lakhs has not been accounted as rental income in the books of HMT Ltd., (Tractor Division) along with expenses relating to Estate Operation. In the absence of the required records which were not presented to us we are unable to ascertain the impact on this Consolidated Ind AS financial statements.
 - The company has obtained Inventory valuation report from a Registered Valuer whereby based on the value provided, the inventory was valued at Rs.279.15 lakhs as on 31st March 2020, however the book value of the said inventory is Rs.1126.34 lakhs. Considering the drastic reduction in the value provided by the Registered Valuer, we are of the opinion that the company has to obtain the inventory valuation from another Registered valuer to establish the correctness of the said valuation. Consequently, we are unable to quantify the impact of the same on the Consolidated Ind AS financial statements.

Indian Accounting Standards

- Consequent to closure of Tractor Division, the Company has not carried out impairment test pursuant to Ind AS 36 – Impairment of Assets on its Plant, Machinery and Other Equipment as it has carried at Written Down Value. Consequently, we are unable to ascertain the impact of impairment loss on the Consolidated Ind AS financial statements.

3. **Corporate Head Office and Company as a whole:**

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

Indian Accounting Standards

- 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.
- 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 Consolidated Ind AS financial statements.

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



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

1. No provision is made for the liability, if any, towards the interest payable to vendors under Micro, Small and Medium Enterprises Development Act 2006. The impact on non-provision of such interest on the financial statements/ results cannot be quantified due to lack of the required information.
2. The Company has not complied from the requirement of Schedule-II of Companies Act, 2013 of depreciating the assets over its useful life and such depreciable amount shall be the cost of assets less its residual value. The company follows the policy of depreciating the Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of Purchase. Due to unavailability of required information impact could not be quantified.

Indian Accounting Standards

3. **Investment Properties:** The Company has not complied with para 76 of Ind AS 40, since adequate disclosure with regard to fair values of the investment property, depreciation method and criteria for distinction between Investment Properties and PPE has not been disclosed.
4. **Inventory Valuation:** Reference is invited to Note No.6 of the Notes forming part of financial statements which describes that the inventories are valued at Cost or Net Realisable Value whichever is lower, and the cost is determined through Weighted Average Cost Method. However, the policy of determining the cost do not comply with Ind -AS 2 "Inventories" where it is stated that "The cost of inventories of items that are not ordinarily interchangeable and goods or services provided and segregated for specific projects shall be assigned by using Specific Identification of their individual costs". As the division is majorly into order-based supplies the inventory should be valued at Specific Identification costs instead of weighted average costs. Further the inventory stated in the Ind AS financial statements as at March 31, 2020 have been valued at weighted average costs.

Net Realisable Value: It is observed that "Net Realisable Value" of the inventories, has not been ascertained by the management, due to which the inventories are valued at weighted average cost. Due to non-availability of the net realisable value, we are unable to express our opinion on the Impact of such non-determination of the net realisable value compliance on the loss and value of assets could not be ascertained.

5. **Prior Period Item:** On our verification of the books of accounts maintained it was observed that several items of expenses in the nature of prior period has been charged to the Statement of Profit/loss for the year ended March 31,2020 which belongs to previous accounting periods. According to Ind AS 8 any expense which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods shall be corrected retrospectively and not accounted as a charge in the current year. This results in non-compliance to Companies (Indian Accounting Standards) Rules,2015 and the impact of such non-compliance on current year loss could not be ascertained.



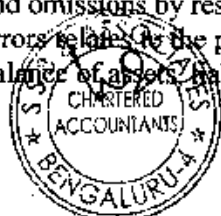
III. HMT Watches Limited ("HWL")

Status Going Concern:

1. 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.
2. The accumulated losses of the company as at the close of 31st March 2020 amounted to Rs.2,69,251.83 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.
3. The company has been incurring continues losses for the past many years.
4. The total liabilities of the company as at the close of 31st March 2020 is Rs. 2,72,461.48 lakhs(Previous year Rs. 2,75,217.41 /-lakhs) against which the Fixed and current assets book values are only Rs. 3,858.66 lakhs (Previous year Rs. 6,518.94 lakhs).
5. The contingent liabilities disclosed in the financial statements are Rs. 578.39 lakhs (Previous year Rs. 586.51/-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.
6. 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 and some of fixed assets of Ranibagh Unit. In respect of immovable property, the Company is in the process of transferring the assets.
7. 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.
8. 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.
9. 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.

Indian Accounting Standards

10. 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 relate to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.



11. IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.
12. 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.
13. 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.
14. The company has not made provision for liability towards the interest payable under micro-small and medium enterprises development act 2006, if any, in the accounts. The impact of non-provision for such interest on the financial results of the company if not ascertainable. In the absence of confirmation from vendors and non-availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.
15. 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.
16. 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.
17. 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. Impact on financial statements is not ascertainable.
18. 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.
19. 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 2020.



20. 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 of directors 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 lakh 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.

IV. 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 under stating 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 perusing 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 there under, 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 48 of the consolidated 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 this respect.



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, 2020. 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.	
1) Adoption of Ind AS 116 - Leases	
<p>The company has adopted Ind AS 116 which deals with recognition, measurement, presentation, and disclosure of leases of both Lessor and Lessee. We have considered this as a key audit matter, since Ind AS 17 was covering the "Leases" upto Financial Year 2018-19.</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have verified the accounting, measurement and presentation for Leases which is in line with the Ind AS 116. • We have examined the disclosures as required by Ind AS 116 in financial statements. • We conclude that there are no material non-compliance with the accounting policy as no material difference between Ind AS 116 and Ind AS 17 on Accounting of leases in the books of the Lessor.



II. HMT Watches Ltd.	
1) Going concern assumption:-	
Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company.
2) Evaluation of uncertain tax matters:	
The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2.23 and 2.24 to the Financial Statements.	Obtained details of tax assessments and demands for the year ended March 31, 2020 from management. The company has not made any provisions for the disputed demands and in view lack 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.
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.
4) HMT (International) Limited	
Evaluation of uncertain tax positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Significant Accounting Policies I and Note 1 - Notes Forming Part of the Financial Statements Pertaining to Balance Sheet Point No - 4	As part of our Audit procedures, our procedures included the following : Principal Audit Procedures Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We have involved our internal experts to review the nature of the amounts payable, the sustainability and the likelihood of payment upon final resolution.



5) 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 of 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 financial statements:

We draw your attention to Note No.49 of consolidated Ind AS financial statements for the financial year ended 31st March, 2020 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 Financial Statements as at 31.03.2020. Our opinion in this matter is not modified.

II. HMT Machine Tools Ltd:

- 1. Non-Confirmation:** Trade Receivable and Trade Payable are subject to confirmation from the parties. In the absence of confirmation from parties towards Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including Security Deposit) the process of reconciliation of party balances is incomplete. Due to non-availability of confirmation of balances from the parties, we are unable to express an opinion on the correctness of the balances and their impact on the financial statements.
- 2. Going Concern:** It is observed from the financial statements that all units with the exception of Kalamassery Unit, is incurring loss year after year and the accumulated losses which is transferred to Head Office. The unit's current liabilities exceed current Assets as at balance sheet date. However, the financial statements of the Units and its consolidated financial statement of the Company have been prepared on "Going Concern Basis"
- 3. Authorised Capital:** As per the MCA records the authorised capital is Rs.800.00 crores, comprising of Equity Shares Capital of Rs.355.00 crores and Preference share capital of Rs.445.00 crores. However, the company has continued to show in its books and financial statements authorised capital as Rs.355.00 crores only related to Equity Share capital. Company to take suitable action, if the authorised capital is reduced and file required returns with MCA.



4. **Non-provision for Preference Dividend:** It is observed that 3.5 % Preference Share Capital issued during 2007 redeemable after 3 years amounting to Rs.443.00 crores has shown under "Other Financial liabilities". The company has not made any provision for the payment of accumulated dividends on the 3.5 % preference share capital.
5. **Escrow Account:** As informed to us redemption of Preference shares capital will be out of sale proceeds of the identified surplus assets. It is observed that MBX Unit has realised Rs.18.50 crores towards the sale of a portion of the land to BBMP, pending execution of legal documents for transfer of property. We are unable to comment, whether the sale of land to BBMP is a part of the identified surplus assets and if so, the fund should have been deposited in an escrow account for redemption of Preference shares.

MBX, Bangalore:

- a) **Land Transfer:** As observed a portion of the land used for "Roads" measuring approx. 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As at 31 March 2020, BBMP has paid adhoc land compensation deposit of Rs.18.508 Crores, pending final joint measurement and issue of correct dimension report. Since the land is not transferred to BBMP following the legal procedure, the said land measuring 4.25 acres is continued to be shown as fixed assets even though BBMP has taken over the possession of the said Land (formed Road).
- b) **Land:** As informed to us, the Company owns total land of 330.28 acres in Bangalore Complex, which were partly Gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In addition, there exists vast area of open spaces. As, the title deeds of the land, physical verification, survey and demarcation of land is not provided, we are unable to comment on the ownership, accuracy of the area of land usage and encroachment if any.

Kalamassery Unit:

- a) **Land:** It is observed that Unit has surrendered 6 Acre 89 Cents to Ancillary Industrial Estate and further 1 Acre 58 Cents has been surrendered to Kerala Electricity Board during the period of 1971-1974. Due to non-availability of records, we are unable to review the compliance to the legal process of such transfer of land and its accounting in the books of accounts.
- b) **Land:** Unit has paid Land tax for a portion of the land situated at Thandaper No.3707 in the name of HMT Limited, Bangalore. Possession certificate issued by the village office in the year 2000 indicates an area of 193 Hectares, 62 Acres 70 Sq.mtr in the name of HMT Limited, Bangalore and not in the name of HMT Machine Tools Limited. As informed to us, the management has applied for possession certificate, location and sketch on 15th June 2015, which is pending due to property disputes. Hence, we are unable to express our opinion on whether the company has absolute title to the Land included in the books of accounts.
- c) **Land:** Appeal No.386/2016 filed before Honourable Supreme Court of India with respect to surrender of 251 Acres and 40 Cents of Land held in the excess of ceiling area as per the Kerala Land Reforms Act, 1963 is pending for final decision. The decision of Supreme Court may have significant impact on the financial position of the Unit.



Pinjore:

- a) **Land:** The Property of estate is in the name of HMT Tractor Division, Pinjore and as per the approval of the competent authority, the same is managed by MTP. The income and expenditure of managing estate is received in the books of MTP.

Praga Tools:

- a) Title deeds of immovable properties were not produced to Unit Auditors and hence we are unable to comment on the ownership of the properties.

Hyderabad:

- a) **Taxes:** Reference is invited to Note No 4 of the Notes forming part of financial statements where other assets includes the brought forward input credits of erstwhile Indirect taxes to the extent of Rs.28.80 Lacs. On our verification it was observed that TRANS-1 application filed with the Goods and Service Tax Network do not include such brought forward balance and in the absence of documentary evidence of such receivable in our opinion the input credit should not be recognized as asset. The impact of such recognition results in overstatement of assets by Rs.28.80 lacs and understatement of loss for the year by similar amount in the books of the division.

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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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 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 Consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.



Other Matters:

- (i) We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs 58,379.12 lakhs as at March 31, 2020, total revenues of Rs 26,413.36 lakhs and net cash flows amounting to Rs 1,108.90 lakhs for the year ended on that date as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as 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 financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.
- (ii) The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2020, an associate and the same has not been considered for the purpose of preparation of these Ind AS consolidated financial statements.
- (iii) Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs0.20/- lakhs has been considered for preparation of these Ind AS consolidated financial statements.

I. HMT Ltd- Standalone financial statements

- (iv) We did not audit the financial statements/information of 2 units i.e. Tractor Business Group, Pinjore and Food Processing Machinery Unit, Anrangabad included in these Consolidated Ind AS financial statements of the Group whose financial statements/financial information reflect total assets of Rs. 12,767.77 lakhs as at March 31, 2020 and total revenues of Rs. 5,253.13 lakhs (including amount included in discontinued operations of Rs.3,029.85 lakhs) for the year ended on that date. The financial statements/ information of these branches has been audited by the branch auditors i.e.M/s. S P Babula & Associates, Chartered Accountants, Chandigarh and M/s Modi & Agrawal, Chartered Accountants, Aurangabad respectively whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these units, are based solely on the report of such branch auditors.
- (v) 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, 2020.
- (vi) The Company has discharged the loan borrowed from State Bank of India. However, upon verification of Index of Charges in Ministry of Corporate Affairs website, the charge is still appearing.



The Branch Auditors of Food Processing Machinery, Aurangabad ("the Unit") has reported the following other matters:

(vii) Closing stock of inventory valued by the company at Rs.435.68 lacs is relied based the Certificate obtained from the management.

II. HMT Watches Limited

- i) Additional information under Note No.3D regarding inclusion of immovable properties in Non-current assets held for sale, vested under the Scheme of Arrangement approved by Government of India and non-carrying of the mutation of title deeds in the revenue records to that effect. Hence, the title to the immovable properties could not be verified.
- ii) Additional information under Note No.3D regarding possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land encroached upon and the matter taken up with the Government of Karnataka to shift the un authorized occupants. Though the Company is in possession of lands at various units, it has not obtained up-to date encumbrance certificates from the concerned authorities to ascertain the extent of encroachment/title verification.
- iii) 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.
- iv) The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.
- v) There is no system of obtaining periodical confirmation of balances relating to trade receivables, trade payables, loans and advances, current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.



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 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 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, Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2020, 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 Company 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, Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.



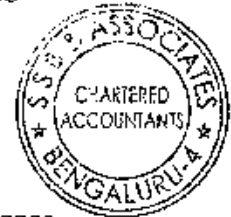
- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Company has disclosed its pending litigations which would impact its financial position in note 34 of the Ind AS Consolidated 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.

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

K. Balaji

K. Balaji
Partner

Membership Number: 207783
UDIN: 20207783AAAA DX 5029



Place: Bengaluru
Date: July 29,2020

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 financial statements of HMT Limited (“the Holding Company”) as of 31 March 2020, we have audited the internal financial controls with reference to the consolidated 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 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 internal financial controls with reference to consolidated 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 with reference to Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated 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 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 internal financial controls with reference to consolidated financial statements.

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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



Opinion under section 143(3)(i):

I. Disclaimer Opinion of HMT Ltd.:

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

1. 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.

Moreover stock ageing analysis was not done by the company due to which the quantum of non-moving and obsolete stock could not be assessed.

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.

2. 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.

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



5. In absence of information about payroll processing system, monthly statement along with status of statutory deduction, we are unable to comment upon the payroll processing mechanism and internal controls for the same. As informed payroll is processed jointly by HR and accounts department, proper defining of role and responsibility between both the departments is not found.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company as at and for the year ended March 31, 2020, and these material weaknesses have affected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

In respect of Tractor Division, Pinjore:

In our opinion, the Company, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

In respect of Corporate Head Office, Bangalore and, Auxiliary Business Division, Bangalore:

We are unable to express our opinion on the internal financial controls as the system of internal financial controls over financial reporting with respect to the Auxiliary Business Division and Corporate Head Office of the company are not made available to us to enable us to obtain sufficient appropriate audit evidence that the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at 31st March 2020.



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

II. Qualified Opinion (issued by statutory auditors of HMT Machine Tools Ltd.)

In our opinion, considering the branch auditor's report, 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, 2020, and however, it can be further strengthened 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.

1. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2020:
 - 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 heads 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. (As reported by the Hyderabad unit Auditor)
 - ii. Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updation of financial books. (As reported by the Hyderabad unit Auditor)
 - iii. Non-Reconciliation and non-confirmation of the trade receivables, trade payables balances, deposits and advances.
 - iv. Delay in payment and filing of statutory dues and returns.
 - v. Non-Reconciliation of GST Input with GSTR-2A and Turnover as per GST Returns with the Turnover as reported in the Audited Statements of Account.
 - vi. Non-reconciliation of TDS Form 26 AS at periodical intervals.
2. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Institute's annual financial statements will not be prevented or detected on a timely basis.
3. We have considered the material weakness/es identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 consolidated financial statements of the company, and except for the effects / possible effects of the material weakness/es described above on the achievements of the objectives of the control criteria, the company's internal financial controls over financial reporting were operating effectively as of March 31, 2020 and these material weakness/es does not / do not affect our opinion on the financial statements.



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, 2020, 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):

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, 2020, 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.

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

a. In view of lack of sufficient appropriate audit evidence of establishment of a frame work for internal financial control over financial reporting, we are unable to express our opinion, regarding adequacy of internal financial control over financial reporting and whether or not such internal financial controls were operating effectively as at March 31, 2020.

b. Though the framework for internal financial control over financial reporting is not established, we have considered the same in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company and it does not impact our audit opinion on the financial statements.



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, 2020, 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



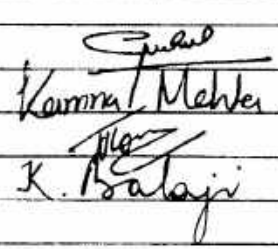
K. Balaji
Partner

Membership Number: 207783
UDIN: 20207783AAAA DX 5029

Place: Bengaluru
Date: July 29, 2020

HMT LIMITED
(STANDALONE)

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, 2020 [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)	6943.74	6943.74
	2.	Total Expenditure (Rs. in Lakhs)	4139.23	4139.23
	3.	Net Profit / (Loss) (Rs. in Lakhs)	24378.14	24378.14
	4.	Earnings Per Share (in Rs.)	6.98	6.98
	5.	Total Assets (Rs. in Lakhs)	114922.62	114922.62
	6.	Total Liabilities (Rs. in Lakhs)	78823.08	78823.08
	7.	Net Worth (Rs. in Lakhs)	36099.54	36099.54
	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 :		
		(iii) Auditors Comments on (i) or (ii) above :		
III	Signatories :			
	•	CEO/Managing Director		
	•	CFO		
	•	Audit Committee Chairman		
	•	Statutory Auditor		
	Place : Bangalore/Faridabad			
	Date : 29-07-2020			



**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, 2020
[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)	30791.61	30791.61
	2.	Total Expenditure (Rs. in Lakhs)	37383.70	37383.70
	3.	Net Profit / (Loss) (Rs. in Lakhs)	14730.65	14730.65
	4.	Earnings Per Share (in Rs.)	4.38	4.38
	5.	Total Assets (Rs. in Lakhs)	72755.50	72755.50
	6.	Total Liabilities (Rs. in Lakhs)	533153.38	533153.38
	7.	Net Worth (Rs. in Lakhs)	(460397.88)	(460397.88)
	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 :			
	(iii) Auditors Comments on (i) or (ii) above :			
III	Signatories :			
	• CEO/Managing Director			
	• CFO			
	• Audit Committee Chairman			
	• Statutory Auditor			
	Place : Bangalore/Faridabad			
	Date : 29-07-2020			



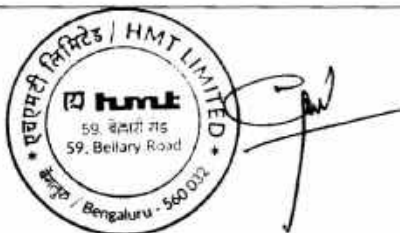
QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES

HMT LIMITED
CONSOLIDATION FINANCIAL STATEMENTS

Audit Observations	Management Reply	Frequency of Qualification
<p><u>Food Processing Machinery Unit, Aurangabad</u></p> <p>b) As per information and explanation given to us with regards to the Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates 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 if there is material departure from the Weighted Average Cost Method of valuation adopted by company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS financial statements.</p>	<p>The inventory is valued using Weighted average cost method</p> <p>There are some 5-10 items of stores (Consumables) valued incorrectly due to system error/software drawback. It will be corrected as earliest said stock has valued as per purchase cost from PO, Hence there may is no material impact with the valuation of inventories</p>	Repetitive
<p><u>Tractor Business Group, Pinjore</u></p> <p>a) Lease Rental Income from leased out portions of land, apartments, school etc. belonging to HMT Ltd.,(Tractor Division) Pinjore, has not been accounted for as "Other Income" in the books of HMT Ltd., (Tractor Division) but accounted in HMT Machine Tools Ltd., since financial year 2017-18. Accordingly, during Financial Year 2019-20, a sum of Rs.278.88 Lakhs has not been accounted as rental income in the books of HMT Ltd., (Tractor Division) along with expenses relating to Estate Operation. In the absence of the required records which were not presented to us we are unable to ascertain the impact on this standalone Ind AS financial statements</p>	<p>Immediately after the closure of Operations of Tractor Business Group, Pinjore it was decided by the Company to handover the rental income from HMT estate to HMT Machine Tools, Pinjore correspondingly all expenses of estate were also shifted to HMT Machine Tools Ltd, Pinjore further with effect from 1.4.2020 the income and expenditure will be transferred and accounted for in the books of HMT Ltd.</p>	Repetitive



<p>b) The company has obtained Inventory valuation report from a Registered Valuer whereby based on the value provided the inventory was valued at Rs.279.15 lakhs as on 31st March 2020, however the book value of the said inventory is Rs.1,126.34 lakhs. Considering the drastic reduction in the value provided by the Registered Valuer, we are of the opinion that the company has to obtain the inventory valuation from another Registered valuer to establish the correctness of the said valuation. Consequently, we are unable to quantify the impact of the same on the standalone Ind AS financial statements</p>	<p>Tractor Division was put on closure by GOI and there were no production activities since March, 2017. In order to liquidate the inventory, valuation of the inventory was carried out through M/s S V Engineers & Consultants in September, 2018. The inventory was valued at Rs. 689.67 lakhs against basic Cost of Rs. 1126.33 lakhs. At this realizable value, efforts were made to sell inventory in open market and to various Units of Machine Tools of HMT. But response was very poor due to many factors as detailed below-</p> <ul style="list-style-type: none"> - Very low population of HMT tractors in market due to declining production level for more than 10 years and closure of the factory from 2017 onwards. - The inventories are tailor made for use in HMT Tractors only and can't be used on any other tractor. - Most of inventory items are of slow moving nature which remained unsold over a long period of time. - Due to ageing, many of the items/child parts have crossed their shelf life during the year cannot be used (Items like Rubber, Gaskets, O Rings are used in most of the subassemblies in stock). Other items made of ferrous is getting rusted with continuous climate changes, are likely to fetch only scrap value. 	<p>First Time</p>
--	---	-------------------



<p>c) Consequent to closure of Tractor Division, the Company has not carried out impairment test pursuant to Ind AS 36 – Impairment of Assets on its Plant, Machinery and Other Equipment as it has carried at Written down Value. Consequently, we are unable to ascertain the impact of impairment loss on the standalone Ind AS financial statements.</p>	<p>Considering the above reality, inventory was evaluated again from M/s S.V. Engineers & Consultants. After random inspection of the components and considering the poor condition of the inventory, obsolete nature, market conditions etc arrived on revised NRV of Rs. 279.15 Lakhs from NRV of Rs. 689.67 Lakhs. Impact of NRV has been taken as Rs. 436.66 and Revised NRV as Rs. 460 Lakhs (excluding WIP) as on 31.03.2019 and 31.03.2020 respectively.</p> <p>Senior Technical Officers of the company have examined the Asset and Asset Values and assessed that there is no impairment in value and the value recorded in Books of accounts are fully realizable. As such, Quantum of loss due to “Impairment of Assets as required by INDAS 36 is recorded as “NIL” as mentioned in Note No. 3 Property, Plant and Equipment.</p>	<p>First time</p>
<p><u>Corporate Head Office and Company as a whole</u></p> <p>d) 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>e) The Holding Company and its subsidiaries contribute provident fund to its employees to a provident fund trust which is a defined benefit plan as specified in the Ind AS – 19 “Employee Benefits”. MTL has not obtained the actuarial valuation from an independent actuary. Effect on the financial statements is not ascertained.</p>	<p>Confirmation and reconciliation of balances are obtained in all major parties. Disclosures has been made to this effect in Note no.44</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</p>	<p>Repetitive</p> <p>Repetitive</p>



[Handwritten Signature]



<p>f) 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>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 Account, income & expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such, it is very difficult to bifurcate the same. However, all our efforts are being made to compile the required information for the purpose of 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>First Time</p>
--	--	-------------------

HMT MACHINE TOOLS LIMITED ("MTL")

<p>1) No provision is made for the liability, if any, towards the interest payable to vendors under Micro, Small and Medium Enterprises Development Act 2006. The impact on non-provision of such interest on the financial statements/ results cannot be quantified due to lack of the required information.</p>	<p>As Government has changed the criteria for registering as MSME, Company is collecting details from all the existing Vendors. Necessary provision will be made in the Current Financial Year based on the re-classification of MSME Vendors</p>	<p>Repetitive</p>
---	---	-------------------



[Handwritten Signature]



<p>2) The Company has not complied from the requirement of Schedule-II of Companies Act, 2013 of depreciating the assets over its useful life and such depreciable amount shall be the cost of assets less its residual value. The company follows the policy of depreciating the Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of Purchase. Due to unavailability of required information impact could not be quantified.</p>	<p>Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per IND AS and in consultation with Experts in IND AS. Accordingly 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><u>Indian Accounting Standards</u></p>		
<p>3) Investment Properties: The Company has not complied with para 76 of Ind AS 40, since adequate disclosure with regard to fair values of the investment property, depreciation method and criteria for distinction between Investment Properties and PPE has not been disclosed.</p>	<p>Company has disclosed Investment Property separately under Note No. 4 including depreciation and details of land held as Investment Property is disclosed separately under the Note part of PPE in the consolidated financials of MTL. Fair value of land held as investments is also disclosed in the consolidated financials of MTL. Company will ensure that adequate disclosure of investment property will be done at Unit level also in the Financial Year 2020-21.</p>	<p>First time</p>
<p>4) Inventory Valuation: Reference is invited to Note No.6 of the Notes forming part of financial statements which describes that the inventories are valued at Cost or Net Realisable Value whichever is lower, and the cost is determined through Weighted Average Cost Method. However, the policy of determining the cost do not comply with Ind -AS 2 "Inventories" where it is stated that "The cost of inventories of items that are not ordinarily interchangeable and goods or services provided and segregated for specific projects shall be assigned by using Specific Identification of their individual costs". As the division is majorly into order-based supplies the inventory should be valued at Specific</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>First Time</p>



<p>Identification costs instead of weighted average costs. Further the inventory stated in the Ind AS financial statements as at March 31, 2020 have been valued at weighted average costs.</p> <p>Net Realisable Value: It is observed that "Net Realisable Value" of the inventories, has not been ascertained by the management, due to which the inventories are valued at weighted average cost. Due to non-availability of the net realisable value, we are unable to express our opinion on the Impact of such non-determination of the net realisable value compliance on the loss and value of assets could not be ascertained.</p> <p>5) Prior Period Item: On our verification of the books of accounts maintained it was observed that several items of expenses in the nature of prior period has been charged to the Statement of Profit/loss for the year ended March 31,2020 which belongs to previous accounting periods. According to Ind AS 8 any expense which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods shall be corrected retrospectively and not accounted as a charge in the current year. This results in non-compliance to Companies (Indian Accounting Standards) Rules,2015 and the impact of such non-compliance on current year loss could not be ascertained.</p>	<p>The value of the inventory would be assessed on continuous basis and wherever the Company is of the view that Net Realisable value would be less than carrying cost, adequate provision would be made in the books of accounts</p> <p>Impact is not material. Unit came to know about these expenses only after completion of finalisation of previous year and these expenses were booked in the current financial year after obtaining competent authority approval. Company will ensure that necessary provision for expenses is made at year end</p>	<p>Repetitive</p>
---	---	-------------------



HMT WATCHES LIMITED ("HWL")

Qualified Opinion

Basis for Qualified Opinion

a) **Going Concern Concept:**

1. 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.
2. The accumulated losses of the company as at the close of 31st March 2020 amounted to Rs.2,69,251.83 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.
3. The company has been incurring continues losses for the past many years.
4. The total liabilities of the company as at the close of 31st March 2020 is Rs. 2,72,461.48 lakhs(Previous year Rs. 2,75,217.41 /-lakhs) against which the Fixed and current assets book values are only Rs. 3,858.66 lakhs (Previous year Rs. 6,518.94 lakhs).
5. The contingent liabilities disclosed in the financial statements are Rs. 578.39 lakhs (Previous year Rs. 586.51/-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.
6. 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 and some of fixed assets of Ranibagh Unit. In respect of immovable property, the Company is in the process of transferring the assets.

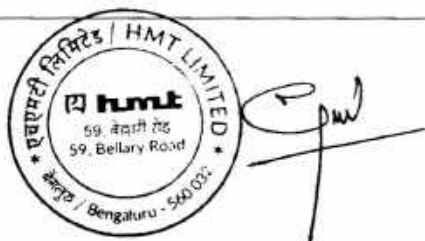
The Company is a subsidiary of HMT Limited and has been carrying on its activities. The Company has been receiving financial support from the Government of India. The financial statements have been prepared as per Ind AS ongoing concern concept.

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 Ranibagh.

Repetitive



<p>7. 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>8. 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>9. 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.</p>	<p>The Sale deed has not yet been executed since the de-notification process not yet completed.</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>The Company settled the amount in the court.</p>	<p>Repetitive</p> <p>Repetitive</p>
<p><u>Indian Accounting Standards</u></p> <p>10. 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 for the prior period expenses which arised during the FY and sanction obtained from Board of Directors also during the current FY</p>	<p>Repetitive</p>



<p>11. 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>The company is under closure and classified all its PPE under Non-Current Assets held for sale at Book Value, the NRV is more than the Book Value, hence there is no impairment.</p>	<p>Repetitive</p>
<p>12. 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 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>	<p>Repetitive</p>
<p>13. 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>14. The company has not made provision for liability towards the interest payable under micro- small and medium enterprises development act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company if not ascertainable. In the absence of confirmation from vendors and non availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.</p>	<p>As per the data/information available with the Company, the Vendors are not MSME Certified/Registered.</p>	<p>Repetitive</p>
<p>15. The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical confirmation of balances and periodical verification of fixed assets.</p>	<p>Since the company is under the process of closure, all the parties are under litigation in the various hence confirmation could not be obtained.</p>	<p>Repetitive</p>



<p>16. 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>17. 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. Impact on financial statements is not ascertainable.</p>	<p>The company deposited Rs 28.00 lakhs as per the ALC order for the training period. The has company not recognized the liability since the same is contested in the Hon'ble High Court of Karnataka.</p>	<p>Repetitive</p>
<p>18. 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.</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 the cases and corrective action will be taken during 2020-21.</p>	<p>Repetitive</p>
<p>19. In pursuant to distress warrant dated 23-12-2011 issued by Bangalore MahanagaraPalike 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 2020.</p>	<p>The Company has made one-time settlement with BBMP Property Tax Awaiting the final order for penalty if any.</p>	<p>Repetitive</p>
<p>20. 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.</p>	<p>DHI communicated the company vide letter dt. 13-1-2016 , the GOI loans will be written off after closure of the company</p>	<p>Repetitive</p>



<p>However, as per the minutes of 79th meeting of board of directors of HMT Watches Ltd, the board of directors 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 (Note 2.12) to the extent of Rs. 2,69,378.75 lakh and overstated the negative balance of Other Equity (Note 2.12) 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>		
---	--	--

HMT BEARINGS LIMITED ("HBL")

<p>a) 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.</p>	<p>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.</p>	<p>Repetitive</p>
---	--	-------------------

